



Pandora's Box

The EU lives dangerously



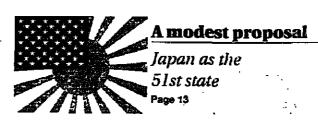
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FINANCIAL TIMES

- THURSDAY MARCH 24 1994

End to KwaZulu homeland urged by ANC deputy



African National Congress deputy secretaryeneral Jacob Zuma (left), the highest rank ng Zulu in the ANC, has called on South Africa's multi-party Transitional Executive Council to take over the administration of the KwaZulu black 'homeland" from Chief Mangosuthy Buthelezi putting the ANC and

Freedom party on a collision course. The ANC cal' represents a significant hardening of the organisation's position on KwaZulu, the only one of the 10 black homelands which continues to offer political opposition to the ANC. Page 14

Five Arabs killed in gun battle: The Israeli army killed four Palestinians, allegedly members of the Hamas Islamic resistance movement's military wing, during an 18-hour gun battle in Hebron, A pregnant Palestinian woman also died in the exchange of fire. Page 4

S Korean threat: South Korea issued a veiled warning that if North Korea staged an attack, Seoul would respond by invading the North to overthrow the government of President Kim II-

75 die in Siberian air crash: All 75 people ou board a half-empty Russian A310 Airbus were killed when the airliner crashed overnight in the Siberian wilderness 2,000 miles east of Moscow, the second air disaster there this year. The airliner was flying from Moscow to Hong Kong.

Nordbanken, which the Swedish government rescued from collapse with a SKr51bn (\$6.5bn) bail-out operation, announced a 1993 operating profit of SKr2.7bn, making it the country's most profitable bank last year. Page 15

UN convoy hijacked: Bosnian Serb soldiers hijacked a United Nations aid convoy headed for the Moslem enclave of Maglaj and looted the contents of 10 trucks, a UN spokesman said.

Kingfisher: Shares fell at the UK retailer in spite of better-than-expected results, reflecting disappointment over underlying performance in the UK. Pre-tax profits were 51 per cent up on last year at £309.3m. Page 15; Lex, Page 14

Crédit Lyonnais: French economy minister Edmond Alphandery will today finalise a rescue package to recapitalise the troubled banking

US secures Gatt waiver over China: The US won a change in General Agreement on Tariffs and Trade rules allowing it to refuse Gatt benefits to China even if Beijing succeeds in rejoining the world trade body this year. Page 6

Keating set for reshuffle: A wider than expected ministerial reshuffle in Australia's federal government was in prospect amid speculation that Senator Graham Richardson was about to resign from the health portfolio. Page 4

Clinton move on ship subsidies: The Clinton administration has agreed to throw its weight behind legislation now in Congress which would impose fines on new ships built in foreign subsidised shipyards entering US ports. Page 6

Jardine Matheson, one of Hong Kong's oldest trading conglomerates, announced a 23 per cent rise in net profits to US\$388.8m last year, up from \$316.8m in 1992. Page 18; Sunset in the east for Jardine's stock, Page 15

No agreement in Somali talks: The United Nations said Somali faction leaders failed to reach a concrete peace agreement and it would no longer sponsor their talks in Nairobi.

Signs of lost soldiers: Rescuers searching for five soldiers missing in dense jungle surrounding Mt Kinabalu in Sabah, Malaysia, discovered more finds of food remains and packaging. The party of two British and three Hong Kong soldiers was last seen almost four weeks ago.

Tapie to stay at Marseille: Marseille soccer chairman Bernard Tapie, under investigation for suspected bribery, won a court battle to remain at the helm of the European champions.

Giulietta Masina dies: Giulietta Masina, one of Italy's best-known actresses, died aged 73, less than five months after her husband, director Federico Fellini.

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Major proposes two-tier EU voting system

By Philip Stephens and David Owen in London

Mr John Major, the UK prime minister, last night raised the possibility of a two-tier voting system in the European Union to break the present deadlock over voting rights when four new countries join next year.

Amid intensive diplomatic activity to end the stalemate which has pitted Britain and Spain against their 10 EU partuers, Mr Major suggested that the present arrangements must remain for contentious issues

such as social policy legislation. But after a meeting with the prime minister, senior Conserva-tive MPs said he appeared willing to allow an increase from the present 23 to 27 in the number of votes required to create a blocking majority in the Council of

Ministers for other, less contro-

Officials said Mr Major was studying carefully another potential compromise involving a legally binding protocol which between 23 and 27 votes in the Council to postpone decisions

indefinitely. The two-tier proposal would mean that 23 votes representing two large countries and one small - would still be enough to block directives in areas such as employment policy. where Britain most fears an extension of EU authority. But the number would rise to 27 for other, less contentious areas of

Mr Major raised the possible compromise at a private lunch with senior Conservative back-bench MPs at which he insisted that Britain would defend impla-

tion at this weekend's meeting of EU foreign ministers in Greece. The attraction of the sugges tion was that it offered the hope

of breaking the deadlock with Britain's European partners, while satisfying demands on the Tory backbenches that the Britain's power to veto contentious legislation must not be

But Whitehall officials cautioned that there might be serious practical difficulties in deciding which directives would fall into which category in any two-

other EU governments.

In the light of that, Britain was still considering other possible compromises, including plans to relate the size of the blocking minority to a population threshold or to raise the number of votes required to 25.

The full cabinet is expected this morning to endorse a gov-ernment's tough negotiating line after a report from Mr Douglas Hurd, foreign secretary, on the inconclusive meeting of the foreign affairs council In Brussels. Mr Hurd, who has looked

also face strong opposition from uncomfortable with Britain's hardline stance, will then set the parameters for any possible compromise at the Conservative Central Council tomorrow, before flying to Athens for the meeting of EU foreign ministers.

Tom Burns in Madrid writes: Spain remained impenitent vesterday over its decision to share

Continued on Page 14 Solana takes heart, Page 2 What kind of Union, Page 2 Angry prime minister, Page 7 TV showdown, Page 7

Police seize papers at headquarters of Berlusconi party

The pent-up anger in the final stages of Italy's election campaign exploded yesterday when police seized documents from the headquarters of Mr Silvio Berlusconi's Forza Italia movement.

Media magnate Mr Berlusconi fiercely attacked what he claimed was a politically orchestrated action against the movement's Rome and Milan offices.

Last night he was seeking a meeting with President Oscar Luigi Scalfaro to express his concern over the degeneration of the electoral contest. due to take place on Sunday.
But Forza Italia was able to

claim the scalp of one of the leading figures in the former commu-Party of the Democratic Left(PDS) which is spearheading the anti-Berlusconi campaign. Mr Luciano Violante, head of

the the parliamentary anti-maña commission, was forced to resign yesterday following the publica-tion of an interview in which he alleged Mr Marcello Dell'Utri, a key member of Mr Berlusconi's entourage, was under investiga-tion by Catania magistrates for arms and drugs trafficking.

Police moved into Forza Italia headquarters in Milan and Rome yesterday morning on the orders of magistrates from Palmi, near Reggio Calabria. For almost two years, the Palmi magistrature

between secret masonic lodges and organised crime, uncontrolled elements in the security services and political parties.

In this connection they said they had requested police to obtain a list of Forza Italia members and party candidates. "This was totally without justi-

fication and involved no notifica-

tion of any crime having been committed," Mr Berlusconi said. He added: "This has never happened before in our democracy. These things only happen in totalitarian states. In a free country the electorate are those who judge the parties with their

Some of his aides suggested he would even ask President Scalfaro to postpone the elections. It was the second time during the election campaign that he has complained to President Scalfaro of his unfair treatement by the opposition.

The magistrates in Palmi commented: "We do our job as magistrates: we don't get involved in politics." They explained that role as the seductive purveyor of they ordered police to collect the information because it was not available at the Ministry of Inte-Even if the timing of the police

action was coincidental, it could win Mr Berlusconi some sympa-

thy votes.
The conflict between the PDS-

Berlusconi camp has been coming to a head for several days. Berlusconi for his unashamed television network to make Forza Italia a leading political player. Mr Berlusconi meanwhile believes many institutions of state, including the magistrature, are sympathetic to the PDS and

deliberately sabotaging Forza

Mr Berlusconi compounded his problems by being slow to distance himself from suggestions that the mafia was backing Forza But the PDS also sensed Mr

role as the seductive purveyor of Mr Violante, however, made a

and the power behind Mr Berlus-coni's bid for the premiership.

The PDS has not forgiven Mr exploitation of his commercial

The PDS has striven to undermine Mr Berlusconi's credibility as an entrepreneur and sympathetic magistrates have been leaking hints of investigations into mails links with his Fininvest empire.

Berlusconi was politically inept at handling criticism in public. As a result they have forced him

serious error in breaching judicial secrecy and revealing the state of investigations into Mr Dell'Utri, the head of Publitalia, the advertising arm of Fininvest,

Kohl says door must be open to central **Europe**

By Quentin Peel in Bonn

Chancellor Helmut Kohl of Germany entered an already bruising debate over enlargement of the European Union yesterday by promising he would make strenuous efforts to further open the EU to the countries of central Europe when Germany takes

over the presidency this year. Implicitly attacking opposition to enlargement of the EU - dramatised recently in top-level French criticism of Germany's enthusiasm for the process - Mr Kohl insisted that "the Baltic Sea is just as much a European sea as the Mediterranean. It is quite simply intolerable for us to adopt the attitude that we want to create some sort of closed shop".

He rejected any attempt to turn the EU into a "glorified free trade area", insisting that enlargement must go hand in hand with closer integration and reinforcement of European institutions. At the same time, he sharply

criticised Britain and Spain for holding up the enlargement nego-tiations with Austria, Finland, Norway and Sweden over technical changes in the voting rules. Mr Kohl, whose government will take over the EU presidency on July 1, suggested new moves to involve the four likely central

membership more closely in Union decisions. One proposal would be to extend EU summit meetings to

European candidates for EU

include the leaders of Poland. views on common problems. Their participation would ensure that would make their eventual

Mr Kohl left no doubt that he sees extension of the EU to the east as a top priority and vital national interest for Germany. He said it was "unthinkable" that Germany's eastern border, the Oder-Neisse border with Poland, "should remain the eastern bor-der of the European Union".

German chancellor Helmut Kohl: Europe cannot be a closed shop

Hungary, the Czech Republic and Slovakia in a regular exchange of that EU decisions were not taken membership more difficult.

A second idea would be to invite those countries - "in the near future" - to send deputies to the European parliament as non-voting members, in a consul-

tative role.

Only by simultaneously "deep-ening" the EU, while the enlargement process continues, could "peace and freedom" in Europe be assured, he said. "With a glorified free trade area we would never manage to achieve this in a lasting way.

He suggested that resistance to the proposed changes in voting rules in the EU council of ministers - simply to maintain the level of a qualified majority for decision-making at two-thirds of the votes - was simply a result of outdated nation-state mentality.

"I do not believe that by think ing in the categories of yesterday. we can solve the problems of the future," he said. As far as voting numbers were concerned, "we have long learned to think in terms of quality, not quantity".

Moscow committed to tough budget regime by IMF

International Monetary Fund assistance to the Russian government will commit Moscow to tough budget discipline that could be difficult for the government to maintain.
The IMF, which expects to

release a \$1.5bn loan soon, is banking on the ability of Mr Victor Chernomyrdin, the Russian prime minister, who has impressed IMF officials, but who will be under extreme political pressure in keeping Moscow's side of the bargain.

However, Mr Michel Cam-dessus, IMF director-general, reflected the Fund team's recognition that the Russian government is already running a very tight monetary policy, with real interest rates now standing at about 10 per cent a month.

The commitments made by the government to obtain the second tranche of the \$3bn systemic transformation facility, to assist Russia in restructuring its economy include:

 Bringing down the monthly rate of inflation, presently at 10 per cent, to 7 per cent a month by December 1994. introducing new taxes and improving tax collection.

European News

World Trade News UK News

ing or loss of revenue will be compensated by cuts in agreed spending programme

These commitments, coupled with the present tight monetary policy, mean that the government has exceptional control over the economy. Industrial production fell 24 per last month, compared to a year earlier, greatly increasing political tension and fears of political upheaval.

However, Mr Camdessus said privately that he was extremely impressed by the turnround in the central bank, whose officials he thought at least as pro-reform as those in the more convention-ally radical ministry of finance. He managed to strike a warm acquaintance with Mr Victor Gerashchenko, the bank head. who said after the signing of the agreement, "allow me to give you the congratulations of the world's worst central banker".

This self deprecation was a reference to a description of him by Professor Jeffrey Sachs, the former adviser to Russian ministers. Professor Sachs last night said he was glad that the "IMF has moved at last, but this is the last moment to assist reforms".

Monetarist swerve wins over IMF, Page 2 close at 1,445.46.

Markets shrug off US rate increase

Financial markets yesterday shrugged off Tuesday's Federal Reserve's 0.25 per cent increase in short-term interest rates. The Fed's first move to tighten monetary policy, announced on February 4, had prompted widespread falls in bond and share prices,

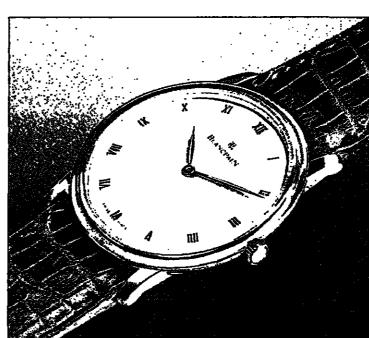
writes Philip Coggan in London. But the latest move, which raised US short-term interest rates to 3.5 per cent, was widely expected. By 1pm New York time yesterday, the Dow Jones indus-trial average was 18.71 higher at 3,881.26, while the long bond was up a quarter of a point.

Even though the Fed announcement was followed by yesterday's cut of eight basis points in the German repo rate, the dollar failed to gain against the D-Mark. In London trading, the dollar closed at DM1.685, down from its Tuesday close of DM1.6885. European markets were mainly influenced by events in Germany.

The Dax index closed 19.79 points ahead at 2,161.13. But later in the day, European bourses fell on fears that the German M3 money supply figures for February might show an annualised rise of as much as 30 per cent. The Eurotrack 100 rose 6.98 points, or 0.49 per cent, to

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By Gillian Tett in Brussels

The Belgian government yesterday took its first step towards privatisation of the state telecommunications group Belgacom by announcing a review of options for selling parts of the company.

However, Mr Jean Luc Dehaene, the prime minister, warned that privatisation was unlikely before 1995, and said the government would retain a majority stake.

The government and Belgacom will now appoint consultants to draw up plans for privatisation, which is expected to include proposals for the company to link with "strategic" partners, create synergies with other telecomunications groups, and float shares on the Belgian stock market, probably

by 1996. Mr Bessel Kok, chief execu-tive officer, said yesterday Bel-gacom was holding informal discussions with several leading European and US groups with a view to forming these

strategic alliances. Although the privatisation of Belgacom is at the centre of Belgium's privatisation programme, which is expected to raise BFr40bn (£754m) in 1994, the government warned that the sale of Belgacom was unlikely to contribute much this year, and noted that several obstacles still remained to the sale.

These include a requirement that the company raise more than BFr100m to cover future pension liabilities.

Mr Kok said Belgacom was "not dissatisfied" with the conditions the government was imposing on the privatisation and welcomed an end to the uncertainty about the company's future that has dogged it

in recent months.
"I am pleased that the floating technique has been mentioned as a vision for the future and that they have recognised the need for international alliances," he said.

However he admitted that it remained unclear what the government was proposing in its recommendation that Belgacom should seek more "integration" and synergies with

other companies. Mr Dehaene refused to set any timetable for the implementation of the consultants' report, but said that privatisation was "more likely to occur in 1995 or 1996 than 1994".

We must not act too quickly or too slowly," he said, stress ing that the government wanted to take a "calm" approach to the sell-off, which has provoked considerable controversy in Belgium.

Nevertheless, he added that the privatisation would need to occur before the end of 1998 the deadline for the EU-wide liberalisation of voice services.

Brittan rejects action over low-wage exporters

By Guy de Jonquières in London and David Buchan in Paris

Sir Leon Brittan, the European trade commissioner, yesterday ruled out trade action against foreign exporters into the European Union who benefit from relatively low wages and social costs. He said any such measures would amount to "naked protectionism" and would not relieve unemployment in Europe. However, he said the EU should propose at next month's ministerial meeting of the General Agreement

on Tariffs and Trade in Marrakesh, Morocco, that the question of workers' rights should be placed on the agenda of the planned World Trade Organisation.

Sir Leon's statement, which was broadly approved by his fellow commissioners, goes some way to meet US demands that workers' rights be made an early priority for the WTO, while firmly rebuffing the most extreme opponents of so-called social dumping on both sides of the Atlantic. His remarks coincided with an apparent softening in the public

stance of France, which has so far been the most outspoken critic of social dumping in the EU.

The French government said in a statement that countries should not be allowed to gain undue advantage from lax labour and environmental standards. However, it recognised that low-wage competition was "a fact of international trade" and said that environmental safeguards should not serve as a pretext for trade protection.

By steering clear of any proposal which would discriminate against

exporters purely on cost grounds, French officials believe they stand a better chance of winning support from industrialised countries for a discussion of labour and environ-

ment standards in the WTO. This point was underlined separately by Sir Leon, who said there was "no chance whatsoever of achieving any international consensus in favour of permitting trade action to be used against countries which do no more than benefit from lower wage or social security costs". Such action would, in any case, do little to

help EU economies, because they imported little from low-cost countries and because labour costs were only one factor determining corporate investment decisions and international competitiveness.

Sir Leon said there was no possibility of substantive decisions on trade and social policy issues in Marrakesh, but that the EU should support proposals for a debate in the WTO. The EU should ensure that any future decisions were based on a multilateral approach and on objective criteria.

He said the Gatt would allow the EU to act before then by legislating to prohibit imports produced by prison labour.

However, he warned that such laws could be difficult to enforce and might amount to little more than a political gesture.

He said the EU should also examine ways of monitoring and enforcing more effectively compliance with conventions adopted in the International Labour Organisation and press the US to ratify more such

John Lloyd on why the IMF chief signed a \$1.5bn deal with a prime minister of conservative instincts

Camdessus gambles on Russia's unlikely reformist

is taking the biggest risk the director of r Michel Camdessus the International Monetary Fund has ever taken. He is gambling on the ability of the Russian prime minister to keep the country on a reformist

Mr Victor Chernomyrdin is a powerful premier. But he is also a man from state industry whose instincts have been those of control, subsidy and central planning. Has he really bitten the bullet of

Mr Chernomyrdin wanted a meeting with Mr Camdessus very much. At the end of last month, he turned for aid to Mr Peter Castenfelt, a wealthy financier who chairs blue chip companies in the UK and elsewhere and who has a company, Archipelago, which trades in Russia. His credibility with

Russia and the IMF

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Inflation (month on month % change)

Chernomyrdin rests on the fact that he knows Russian business from the inside.

Mr Castenfelt knew Mr Camdessus and senior officials in the World Bank and undertook to take a message to them that the Russian prime minister wished to prove he was serious about reform.

The message was delivered at the beginning of this month: once Mr Castenfelt told Mr Chernomyrdin that Mr Camdessus was receptive, an invitation was issued to him to come to Russia.

He came as IMF officials, led by Mr Ernesto Hernandez-Cata, were bogged down in grinding, frustrating talks with Russian officials on the budget and on reform. These were talks that seemed to confirm the worst fears of many in the IMF that this was a government which could not manage the finances

245,4%



Newfound monetarist soulmates: Mr Chernomyrdin (left) with IMF chief Michel Camdessus in Moscow yesterday

even if it wished to.

Mr Camdessus began talks with Mr Chernomyrdin last Friday on a sour note, of the kind which had marred their previous efforts in Washington to come to an understanding. The Russian executive director of the IMF, Mr Konstantin Kagalovsky - one of the few remaining members of the original Gaidar team still in some sort of office - had given an interview to Reuters news agency expressing his belief that a deal would be done. This

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kind of public pressure, said Mr Camdessus, was not right: press relations must be better handled.

The next day the two men disappeared on their own - to a hunting lodge at Zavidovo, were Mr Camdessus, no great sportsman, was introduced to the joys of the chase by the prime minister. (Richard Nixon had been similarly inducted by Mr Leonid Brezhnev at the same spot 20 years before.) At that meeting a mutual understanding began. However, in parallel discussions, the IMF staffers and the Russian officials were

still far apart, and the

estimations, especially from

the Russian pessimistic After further talks on Sunday, Mr Camdessus and Mr Chernomyrdin planned to have a final session on Monday - a meeting billed as make or break. Instead, Mr Chemomyrdin flew to the Black Sea resort of Sochi to see President Boris Yeltsin, recuperating there from 'flu. He did so to explain to the president what lay behind a rumour of a coup being organised against him and to get the president's assent to a

range of decrees which he

would have to sign if the

agreement the prime minister

wished to make with Mr

Camdessus was to be

He came back with assent. Late on Tuesday night the two men came up with a deal that was not quite an agreement to pay the \$1.5bn loan which was the immediate goal of the talks, but was as close as Mr Camdessus thought he could

It is a tough deal. The Russian government has

• To hold the budget expenditure line at Rbs183trln - a line which the lobbies are already attacking fiercely, with the military threatening unrest in the army if their share is not raised. It has also agreed to raise revenue, budgeted for Rbs120trln, by a series of ines which would involve extra taxes and - crucially - a measure which would make at least some of the existing spending programmes open to cuts if revenue fell below that planned. By the end of this year, inflation should be running at no more than 7 per cent a month, a rate lower than at any time in the past 27

• To finalise a statement on economic reform, which lays out the strategy for the rest of the year.

 To put before the lower house of parliamentthe legislation required to bring in the changes in the budget. already before the house. To sign the further measures needed which do not

have to go before the parliament. These moves are supposed to

be completed by April 15. They will then be examined by a committee of the IMF board and, if approved, Mr Camdessus will recommend to the full board the payment of

IMF insiders in Washington say the deal is largely done: at least six of the Group of Seven leading industrial countries are enthusiastic for the agreement, with the US leading the way.

The risks are high. Revenue is to date far behind the projections and the hard pounding is yet to come. Though Mr Can been enthusiastic about the attitude of leading parliamentarians to the budget, parliament as a whole has a majority conventionally seen as anti-reform.

The "essence of this agreements depends on a personal relationship between two men", said an official close to Mr Camdessus last night. "He has taken a huge risk, and he knows it."

"Camdessus was between two cliffs," said another official privy to the talks. "At the foot of one is written: you lost Russia. At the foot of the other: you are a fool for believing Chernomyrdin. He preferred to take the risk of looking like a fool."

Kohl welcomes Major's VE Day gesture

By Quentin Peel in Bonn and

Chancellor Helmut Kohl of Germany has warmly welcomed a proposal from Britain's prime minister, Mr John Major, to invite high-level German participation next year at 50th anniversary celebrations of the end of the war

in London The British leader's invitation, an attempt to defuse a gathering diplomatic imbroglio over British and French reluctance to invite the German Chancellor to celebrate the 50th anniversary of the Normandy landings, came as Mr Kohl presented his own agenda of celebrations linked to the end of the second world war, and the final withdrawal of

allied troops from Berlin. He agreed that it would not be "appropriate" for him to attend the forthcoming 50th anniversary celebrations of the D-Day landings.

However, referring to a possible visit to the UK, he said it could be done in a "good and dignified manner", and the attendance of German war veterans would be "appropriate".

"The 50th anniversary of the end of the war is an entirely different matter (to the Normandy landings)." he said. Any suggestion that he had sought an invitation to Normandy. and had been rebuffed was

Instead, Mr Kohl and President François Mitterrand of France will attend a European youth festival in Heidelberg two days later.

Mr Kohl announced that the allied withdrawal from Berlin would be celebrated in two stages, without any full-scale allied military parades.

On August 31, President Boris Yeltsin of Russia will attend ceremonies in both Berlin and Weimar to mark the departure of the last Russian troops from German soil.

Nine days later, Mr Kohl has invited President Bill Clinton, Mr Mitterrand and Mr Major to attend festivities marking the withdrawal from Berlin of the rest of the wartime allies.

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Solana takes heart from British

By David White and Tom Burns in Madrid and David

1991

"An unholy alliance" is how Spanish ministers term their uneasy partnership with the UK in the Euro-voting rights crisis which is obstructing the entry of Austria, Sweden, Finland and Norway into the

93

The 10 member states which ppose Anglo-Spanish attempts to change the EU's majority voting formula are working hard to prise them apart - and leave the UK isolated.

It will not be easy. Mr Javier Solana, the Spanish foreign minister, is playing both for his country and his own political future in the fraught argument. And he may have found an ideal vehicle in his

partnership with Britain.
At 51, he is one of only two cabinet ministers to have survived from the first González government 11 years ago and last weekend regained a seat on the Socialist party's executive committee. With his eye on positioning himself as an eventual successor to Mr Felipe González, the prime minister, he has taken the lead in the enlargement talks from the veteran EU negotiator, the technocrat Mr Carlos Westendorp, state secretary for European affairs and taken the Brit-

ish to heart. "Any solution (to the voting row) has to satisfy our two countries," he said yesterday. "It is very difficult to imagine a solution which would satisfy one country and not the other."

The mood is catching. An aide to Mr González said Spain did not relish the idea of being out on a limb and arguing on grounds of vital national interests. "It is better to flex our muscles as part of a combined veto rather than test whether we have a power of veto ourselves," he said. There is also political pressure at home to stiffen Mr

Solana's resolve. Although the Socialist government does not have to cope with a domestic anti-European lobby as does servative Popular Party opposition has long accused it of being naive and weak in its dealings with the Union.

Criticism from northern Spanish fishermen over the deal struck last week with Norway on fishing rights has

increased pressure on Mr Solana to stand his ground over voting arrangements. Madrid has always seen this as the most important issue and it has remained united on it despite cool personal rela-

tions between Mr Solana and Mr Westendorp. Madrid is resisting changes to the voting formula because it does not want to be in a losing minority over questions such as Mediterranean products or structural funds.

In addition, it has a deep-seated ambivalence about EU enlargement, part of the "European project" to which Spain is ideologically committed but potentially detrimental to its own interests. It fears it could be marginalised as the EU's centre of gravity shifts northwards and eastwards.



Solana: ambitions

Nevertheless, the 10 are addressing compromise solutions more at Spain because they think Madrid is more likly to cave in than London, Madrid is seen as defending identiflable and circumscribed nat-



ional interests such as Mediter ranean agriculture, whereas the British government is seen as parading factional interests of the Conservative party.

All this is making Swedes ask: What kind of a Union is this?

ordic states fear effect on referendums By Hugh Camegy

in Stockholm A sense of irritation,

frustration and mounting anxiety was evident in the Nordic capitals yesterday as the governments of Finland, Norway and Sweden watched their carefully laid plans to bring their reticent countries into the European Union threatened by a row they have no power to influence. The dispute between Britain and Spain and their 10 fellow EU members over voting

rights after the three Nordic

applicants and Austria enter

the Union has shattered the

optimistic mood that prevailed

A compromise that will allow enlargement to go ahead is still expected in the north. But there is a growing fear that the issue will not be resolved for some time, leading to the entry date for the applicants - set for January 1 next year - being delayed and making the task of persuading the three already reluctant electorates to vote for

the antumn much more diffi-"In the worst case scenario this could lead to a No vote in the referendum," said a senior Swedish official. "All this is when accession terms were making Swedes ask: 'What not going to help," said an

membership in referendums in

settled this month after kind of a Union, what kind of months of tough negotiations. an organisation, is this?" It is so stupid because it should have been sorted out long ago. And it is frustrating because there is nothing we can do about it."

The frustration is heightened because polls in Finland, Sweden and Norway had begun to show a strengthening of the Yes camp, leading the three governments to feel that they were at last beginning to win the referendum argument - even in Norway, where opposition is strongest. "We have become fairly optimistic that if given a clear six months to explain the issues, we have a

sporting chance to win. This is

Brundtland, the Norwegian prime minister. The domestic embarrass-

ment is especially acute for Mr Carl Bildt, the Swedish prime minister whose conservative Moderate Party is close to the British Conservative Party. Mr Kenneth Clarke, the British chancellor, was in Stockhoim on Tuesday, but offered little comfort, apparently telling Mr Bildt he was pessimistic about achieving a breakthrough on

the voting issue. "I think we understand the problems facing Major inside his party. But he has cornered himself. Of course we are concerued if Major is going to go back to the Thatcher attitude

aide to Mrs Gro Harlem on Europe," the Swedish official remarked.

The three Nordic governments have by no means given up hope of a resolution and have been careful not to make apocalyptic public pronounce-

If a solution is found soon,

attention in the referendum campaigns is likely to shift quickly back to the core issues of national sovereignty, the price of membership for the economy and, especially in Norway and Finland, the effects on agricultural and fishing communities. But those debates will be hard enough to win without addi-tional squabbles reverberating

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Nobl

The European economy should be growing by 2 per cent a year by 1995, although unemployment will continue to rise until after 1996, the European Commission's annual report on the state of the European economy concludes.

The report, which was officially approved by the Commission yesterday, forecasts that gross domestic product in the European Union could grow by as much as 3 per cent by 1996, after 1.3 per cent growth this year, and a fall of 0.3 per cent last year.

However, the report warns that this will not be enough to prevent unemployment rising to a record 11.25 per cent in 1995, up from a predicted 11.2 per cent in 1994 and 10.6 per cent last year. The outlook prompted the Commission to reiterate its calls for Europe's banks to lower interest rates, stressing that this would be essential to stimulate further growth. "Despite the reductions that have taken place in the course of 1993, short-term interest rates remain high given the cyclical position," the Commission noted. It added: "A continued cautious monetary easing in 1994 appears to be largely discounted by both consumers and investors so that a process of accelerated cuts in borrowing costs may be required in order to provide the basis for an upswing in economic sentiment and activity." Gillian Tett, Brussels.

Key Bundesbank rate reduced

The Bundesbank yesterday sanctioned another drop in the key securities repurchase rate, from 5.88 per cent last week to 5.80 per cent. But the independent DIW institute for economic research said in its weekly report that the central bank's tentative interest rate cuts were prolonging Germany's recession and causing unemployment to rise more sharply than would otherwise be the case.

would otherwise be the case.

The institute said there was room for lower interest rates because unit labour costs fell seasonally in 1993 and were likely to fall again in 1994.

It also questioned the reliability of M3 as a guide for the central bank's monetary policies. The institute, which regularly criticises what it sees as restrictive Bundesbank policies, said the high interest rates would also "choke off" the next economic recovery and prevent prolonged growth. Reuter, Frankfurt

Swiss propose carbon fuel tax

The Swiss government yesterday said it planned to introduce a tax from 1996 on fuels that emit carbon dioxide. If approved by parliament the tax on heating oil, diesel fuel, natural gas, coal and petrol would be introduced in stages and bring in an annual SFr1.3bn (£607m) by the year 2000.

The government said at least two-thirds of the money raised would be pumped back into the economy, but details of how this would be done have not yet been fixed. The carbon tax would add S.3 Swiss centimes to the cost of a litre of petrol. Lead-free petrol, the most popular variety, costs about SFr1.16 a litre. The aim of the tax would be to stabilise carbon dioxide emissions and overall consumption of fossil fuels in Switzerland at their 1990 level and subsequently to reduce them, the government said. Reuter, Berne.

Hungary sets EU entry target

Hungary will apply for membership of the European Union on April 1, the Foreign Ministry said yesterday. Hungarian officials have said they hope concrete entry negotiations can start in 1997 and that Hungary can be a full EU member by 1999 or 2000. Hungary, whose association agreement with the EU took effect in February, has made joining western institutions such as the EU and Nato its top foreign policy goal. Its application will make Hungary the first former Warsaw Pact country to seek full EU membership. Reuter. Budaness.

Finland considers vote date

Finland could stage a referendum on EU membership on the same day as other Nordic countries on November 13, the prime minister. Mr Esko Aho, was quoted as saying yesterday. Sweden, Finland, Norway and Austria reached preliminary agreements on EU membership terms this month, but the accords need to be approved by national referendums. According to Mr Aho it was not an "excluded option" that the three Nordic EU applicants would stage their plebiscites on the same day. Opinion polls show that public support for membership is larger in Finland than in neighbouring Sweden and Norway. Reuter, Helsinki.

Romania purges local officials

Romania's minority left-wing government has removed 15 mayors and 12 other local elected officials, accusing them of abusing their power and mismanaging public money, the state news agency Rompres said yesterday. The unprecedented wave of sackings, which nit many opposition figures, immediately drew denunciations from opposition parties. The government accused the officials, including the mayor of Bucharest, of "grave infringements of the law", which included the mismanagement of funds derived from land leases. But the opposition National Peasant party called the sackings "illegal and abusive". Reuter, Bucharest.

Death of Catholic group leader

Monsignor Alvaro del Portillo, leader of the Catholic lay organisation Opus Dei, died yesterday of a heart attack, aged 90. The organisation, which claims 77,000 members, emphasises church discipline and tradition and has been accused of secrecy and seeking to wield power. Monsignor Portillo succeeded Opus Del's founder, Mr Josemaria Escriva de Balaguer, as head of the group in 1975. He was ordained a bishop in 1991 by Pope John Paul II. Mr Portillo's successor will be chosen in the coming months by an Opus Del congress divided into women's and men's sections, which will come up with a candidate to submit to the Pope. AP. Rome.

ECONOMIC WATCH

Swedish output shows recovery

Sweden
Industrial production
annoal % change
12
8
4
0
4
1990 91 92 93 9
Source: Datastroam

Further evidence that Sweden's toughest recession for 50 years ended during 1993 emerged yesterday when the latest industrial production figures showed growth of 8.4 per cent in the year to January, with production rising by 0.8 per cent in January over December. Recovery has been strongest in the mining, engineering and manufacturing sectors, but the big paper and pulp industry has shown a fail in output. Figures from the Riksbank also showed the strength of the surge in exports that is driving the

recovery. Exports were up by 29 per cent in January, over January 1993, producing a trade surplus of SKr7.5bn (6640m) for the month. But heavy debt servicing meant the current account was in deficit to the tune of SKr4.7bn. The current account deficit for the 12-month period to January was SKr3.5bn. Bugh Carnegy, Stockholm.

The French index of household consumption was stable in

February after rising by 0.9 per cent in January.

Portuguese unemployment rose to 6.8 per cent in the first quarter of 1994, from 6.2 per cent in the previous quarter and 5.1 per cent in the first three months of 1993.

Consumer prices in the west German state of North Rhine-Westphalia rose 0.2 per cent in the month to mid-March, taking the year-on-year increase to 3.1 per cent.

Kurds seek last word on Turkish poll

By John Murray Brown, recently in Adana, southern Turkey

rive south from Adana to the poor suburb of Daglioglu, and there comes a point in the road where the campaign flags and posters suddenly disappear. Among clusters of dismal mudbuilt tenements it would be easy to forget that Turkey was preparing for municipal elections on Sunday.

This is a vote which the politicians in Ankara believe could be the prelude to early general elections, or at the very least a shake-out in the current conservative-led coalition of Mrs Taron Ciller.

Adapa is in many ways the electoral frontline. Some 500km south of Ankara, it is the Turkish city closest to the Kurdish heartland in the south-east, where the separatist conflict has seriously curtailed the electoral process.

Adana has a proud history. Briefly under French occupation after the Second World War, the city is an ethnic mosaic, where Turks, Arabs and Kurds live side by side in the heart of a rich agricultural belt. Four of Turkey's biggest industrial conglomerates trace their fortunes to the cotton fields and the textile wealth of the nearby Cukurova plain. This prosperity has proven a strong magnet for large num-



A Kurdish demonstrator setting fire to himself in Frankfurt yesterday on the fourth day of protests by Kurds exiled in Germany who are campaigning for an independent homeland

bers of economic migrants from poorer regions, particularly the nearby Kurdishspeaking areas.

However, in the last few years, the cracks have been showing in Adana as the separatist violence has spread. The social and economic strains created by poor Kurds seeking work or escaping the pressures of the war have presented the municipality with a serious

problem. The unemployment rate – although no ethnic breakdown is available – is believed to be twice as high in the Kurdish community com-

pared with the city as a whole.

More worrying is the prospect of a widespread Turkish nationalist backlash in the city. Some residents believe it has already started. It was here that the police took the unprecedented step of marching in

protest against the office of the human rights association, which is widely seen by local Turks as being a front for radical Kurdish elements.

Community loyalties are certainly stretched. When Mr Selahattin Colak, the mayor, first stood for office in 1977, local residents remember him openly playing on his Kurdish origins to win votes. This time around he is being more dis-

creet. Even Mr Colak is not venturing into the majority-Kurdish Daglioglu district, a no-go area for most of Adana's citizens

At night the roads are patrolled by armoured personnel carriers with search lights scanning the alleyways for snipers of the Kurdish Workers' party (PKK). In what was once the city's Arab quarter, angry young radicals say they will boycott Sunday's vote, a pattern which is likely to be repeated in hundreds of towns and hamlets in the Kurdish-

speaking region.

At the national level, Sunday's polling to appoint mayors in more than 2,000 towns, is the first real test of the popularity of Mrs Ciller since she was chosen as leader of her True Path party (DYP) in June and became prime minister after Mr Suleyman Demirel moved to the presidency. A bad showing could trigger defections from her DYP and a

possible leadership challenge.
The main opposition Motherland party is describing the elections as a national referendum on Mrs Ciller's ninemonth-old administration. The vote is also important as a measure of the growing national support for the Islamic Refah party (RP).

In the south-east, merely holding the elections without disruption is presenting a challenge to the authorities. Diplo-

mais point out that this is the first time since restoration of parliamentary government in 1982 that Kurdish violence has threatened nationwide elections.

1982 that Kurdish violence has threatened nationwide elections.

However, a widespread boycott would provide the most visible evidence yet of the

extent to which the Turkish

government has lost credibility in the Kurdish region.

Ten days ago the Interior Ministry issued special instructions to secure the polling stations, but only after the pro-Kurdish Democracy party (DEP) had already withdrawn

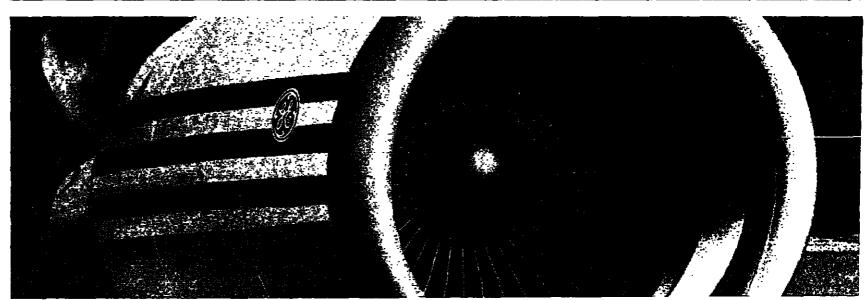
its candidates.

According to some unofficial estimates from western embassies, the DEP might have been expected to win about 70 per cent in a free vote. However, the intimidation faced by the party has been considerable. At least 54 of its officials have been assassinated in the past two years. More recently, five DEP MPs have been arrested in Ankara and could now face the death penalty on charges of making speeches espousing the radical Kurdish cause.

In today's climate of fear, many locals believe almost the only people who will turn out to vote will be the Korucu - the government-armed village guards and their families. In such an event, many towns and villages will fall into the hands of the neo-fascist party, the Nationalist Movement.

TWO GIANTS.





These days the Welsh Dragon is a real high flyer since two International giants of the acro engineering industry chose Wales.

British Airways has its new engineering base at Cardiff Airport and recently General Electric (USA) has moved to nearby Nantgarw, where they service aircraft engines for famous names like CFMI, Rolls Royce and Pratt & Whitney.

With more than a little help from the Welsh Development Agency, both companies were not merely able to find the right site. but also the right people from Wales' skilled and flexible workforce.

The WDA has also assisted in the development of a local supplier intrastructure to ensure vital components are always at hand.

To get your business off the ground, put the Welsh Advantage to your advantage. Call the team at Welsh Development International on ±44 222 666862, or write to Welsh Development International. Welsh Development Agency, Pearl House, Greyfriars Road, Cardiff CF1 3XX.

ONE DRAGON



THE WELSH ADVANTAGE.

Five Arabs die in 18-hour Hebron siege

The Israeli army killed four Palestinians, allegedly members of the Hamas Islamic wing, during an 18-hour gunbattle in Hebron that ended yesterday afternoon. A pregnant Palestinian woman also died in the exchange of fire. In clashes elsewhere in the

town over the past 24 hours, another Palestinian woman was killed, and at least 50 other people injured, according to Palestinian sources. In East Jerusalem, an Israeli security guard was shot and critically wounded by a Palestinian who was still being sought last

The Israeli army operation against the Hamas activists. which centred on a building in southern Hebron, at one point threatened to cause the cancellation of yesterday's Israeli-PLO talks in Cairo on resuming the peace process, which has been suspended since last month's massacre in a Hebron mosque.

Mr Yassir Arafat, PLO chairman, telephoned Mr Warren Christopher, the US secretary of state, late on Tuesday to protest at the Israeli army operation. Mr Yassir Abed-Rabbo, Mr Arafat's aide, then warned that PLO delegates might not attend the Cairo talks because of the latest killings. However, the talks proceeded on

The main focus of the PLO protest was apparently a claim, backed up yesterday by reduce Palestinian hospital sources, crime".

that a 34-year-old pregnant Palestinian woman, Majeda Zahdeh, had been killed by the Israeli troops in the course of the battle. General Ehud Barak, the Israeli army chief of staff, claimed yesterday that she was "apparently killed by gunfire from inside the house

fired by the terrorists". Israelis fired 100 anti-tank missiles into the building, before bursting in yesterday and killing the four Palest-inians. Army bulldozers were last night demolishing the

building. General Barak issued the first official report of the operation in the course of his testimony yesterday before the Israell commission investigating last month's massacre of Palestinians, in Hebrou's Cave of the Patriarchs, by Jewish settler Baruch

The latest operation, he said, underlined that the army's continuing top priority in the battle against Palestinian terrorism. Its second most important task, he added, was securing the roads for Israeli travellers

While it was also the army's job to provide security for Palestinians, he continued, there was no way to guard completely against a madman like Goldstein on a suicide mission. Nevertheless, he concluded, "if the proper security precautions had been implemented, they might very probably have prevented the massacre, or at least greatly reduced the extent of the

Cambodian troops find the going tough

Iain Simpson on problems encountered after the fall of the Khmer Rouge main base

troops occupying the former Khmer Rouge headquarters at Pailin may have defeated one enemy but they still have to deal with sevwreaking havoc on a new dirt road built to supply them with food and ammunition, while malaria is affecting both health and morale.

After two weeks of heavy fighting, government commanders say they are in con-trol of the former Khmer Rouge base at Pailin, although guerrillas still occupy commanding positions nearby. In the end, the victory at

Pailin came rapidly and there is talk in the Cambodian capital that this could mark the end of the Khmer Rouge as a viable force. It is a big political blow to the faction, but the loss of a main base will not stop small units from continuing their campaign of violence in the countryside.

The loss of Pailin is also a serious financial blow to the Khmer Rouge. Gem mines and timber in the area are believed to have earned millions of dol-

Senior military officers say at least 10,000 government troops supported by heavy artillery and helicopter gunships were involved in the assault on Pailin. Approaching from three directions they squeezed the few remaining defenders towards the border with Thailand.

When they finally reached Pailin only 200 guerrillas were waiting for them, but soon afterwards voileys of shells from the nearby hills began landing at the former base. Now the officers say government soldiers are pushing into the hills to clear out remaining Khmer Rouge pockets. Pailin is surrounded by hills

and as long as the Khmer

Rouge retain positions on the

higher ground, the govern-ment's hold on the base will

not be secure. Already one government helicopter has come under sustained fire from Khmer Rouge positions. The main obstacle now fac-ing the government side is the

logistics. "Their ability to sup-

ply and communicate with their troops is being severely stretched," one diplomat said. Approaching Pailin from the east, troops armed with chainsaws, bulldozers and heavy military trucks literally cut a new road through the jungle. The road twists and turns around trees and thick clumps

of bamboo, trapping trucks towing heavy artillery. Heavy rains are turning the road into

At least 20km from the base the road is blocked and the rest of the way is only passable to military tanks. On Wednes day one tank carrying soldiers and three freelance photographers to the front hit an anti-

The state of the roads strikes terror into the hundreds of soldiers being trucked to Pailin,

Cambodian government troops from a special division dressed in Khmer Rouge uniforms on the way to attack rebel-held Pallin

only escape.

Monsoon rains will start in this part of Cambodia in about two months' time, churning up the roads even more, making it almost impossible for trucks to get through to Pailin. If the soldiers cannot be supplied, the base will almost certainly be lost again.

Despite their apparent victory, morale is low among government troops. They are short of food and medicine and water supplies are running low. In one unit most soldiers had not been given their official salary

of \$20 a month for six months before the attack on Pailin. In February, the government suffered an embarrassing reversal at the northern Khmer Rouge base of Anlog Veng when its troops were driven out less than three weeks after they captured it. Khmer Rouge units attacked behind the government front

lines and bombarded government positions, causing heavy Senior officers at Pallin say they have learned important ons from the loss of Anlog

NEWS IN BRIEF

Paris, Madrid

warn on Algeria

France and Spain yesterday advised their nationals to leave

Algeria after Moslem militants stabbed two Frenchmen to death

in their Algiers home, writes Our Foreign Staff. Thirty-two for-

eigners have died in Algeria's civil strife since last September, eight of them French, but yesterday's killings were the first of

Algeria will increase retail prices of basic foods such as bread,

flour, semolina, milk and five other staples by 25-100 per cent



more slowly and strengthened their flanks to prevent a Khmer Rouge attack in the

Aiready though, Khmer Rouge units are starting to take revenge on villages nearby. Since they lost Pallin, guerrillas have attacked vil-lages in at least five locations in Battambang province. Eight people have been killed and many injured in the attack. In Bavel, which has had a lengthy respite after years of being on the front line, a government ammunition dump was destroyed when a Khmer Rouge rockst scored a direct hit. Further along the road a huge crater marked the spot where a score of anti-tank

At least 5,000 people have fled from villages near Pailin in the past few weeks as government troops advanced. They say officials warned them to leave their homes and now complain that the food aid they were promised has not arrived. Many are former refugees who resettled here after spending up to 15 years in camps in Thailand. They say all they want now is a peaceful life, but at the moment they see little

Keating ready to reshuffle cabinet

wider-than-expected ministerial reshuffle in Australia's federal government was in prospect yesterday amid speculation that Senator Graham Richardson, one of the most senior figures in the Australian Labor Party, was about to resign from the health portfo-

Prime Minister Paul Keating is due to announce a new ministerial line-up later today. This is in response the recent departures of Ms Ros Kelly, the former minister for sport, environment and territories, and Mr Alan Griffiths, the previous industry minister.

Some elements of their portfolios have already been re-allocated on a permanent basis, but a number of ministerial responsibilities have been "warehoused" (put on hold). This is partly in expectation

of the arrival of the former Western Australian premier, Ms Carmen Lawrence, in Can-

She won a federal seat in a recent by-election and entered

parliament this week.

Ms Lawrence had been widely-tipped to take over the environment portfolio, although talk of her receiving Senator Richardson's health responsi bilities had also been mooted before the latest resignation

Relations between Mr Keating and Senator Richardson have been strained lately, folving a public dispute whether the Medicare levy should be raised significantly to fund new programmes.

Mr Griffiths resigned in January, amid allegations that party funds had been used in the "Above the Line" sandwich shop, a private business ven-

it was claimed a sports grant tained that they had done

rumours surfaced.

If Senator Richardson does depart, he will be the fourth sentor government minister to step down in as many months. Mr John Dawkins, the former treasurer, left politics altogether just before Christmas.

Ms Ros Keily departed after programme favoured marginal Labor electorates. Both Ms Kelly and Mr Griffiths mainnothing wrong.

February figures continue 17-month decline

Japanese motor output down 14%

By Paul Abrahams in Tokyo

Japan's motor industry output fell 14.1 per cent in February against the same period last year, the 17th consecutive monthly fall. The industry's performance underlines the duction of cars, trucks and buses fell to 896,000 units, the sixth month the decline has been in double digits, fell 13 per cent to 214,000 units, Democratic party yesterday announced last month.

and a post-war record. Japanese car manufacturers have been hadly hit by the strength of the yen, which has contributed to a 24 per cent fall in exports. Domestic demand fell 6.2 per cent to 519,000 units. Passenger car production fell 14.5 per cent compared with the same month last year, the 11th month output has 92,800.
declined. Production of trucks Japan's opposition Liberal

Toyota's vehicle production fell 12.3 per cent during Febru-ary to 279,500 units; Nissan's

dropped 13.4 per cent to 143,000; Mitsubishi's 10.3 per cent to 111,700; Mazda's 16.8 per cent to 92,000 and Honda's
was down 14.6 per cent at
92,800.
The Y6,000bn (\$56.6bn) tax
cut is one of the pillars in Mr
Hosokawa's package of anti-

agreed to a parliamentary schedule that will allow bills for a large income tax cut to be enacted next week, Renter adds. The tax bills must be passed by March 31, the last or they expire automatically.

recession measures which were

with effect from today, the official news agency APS said. The increases follow talks with the International Monetary Fund, which has pressed the government to reduce subsidies.

foreigners inside their own homes.

GDP set to rise in NZ The New Zealand Reserve Bank yesterday forecast GDP growth would rise 5.3 per cent in the year to March before falling to an average 3.5 per cent over the next two years, writes Terry Hall in

Wellington. Inflation was expected to remain well within the 0-2

per cent range, with little change in the current account deficit.

Iran to develop port city

President Ali Akbar Hashemi Rafsanjani yesterday inaugurated Iran's biggest pier, near Bandar Abbas, south Iran, and announced plans to develop the port city into an economic and industrial area, Reuter reports from Tehran. The new pier, 12.5 miles west of Bandar Abbas, was built with a 4.4 mile channel alongside, allowing bulk carriers with a capacity of 100,000 tonnes

Burundi clashes kill 1,000

About 1,000 people had been killed in fighting between troops and tribal gunmen in Burundi since the weekend, Burundi's Interior Minister Leonard Nyangoma said yesterday, Reuter reports from Bujumbura. Thousands of civilians are fleeing the fighting between the Hutu majority and the minority Tutsi-dominated array. The fighting was sparked by the president and prime minister deciding on Monday the army should crack down to end violence in the capital, diplomats said.

Aid and praise for Zambia

Zambia has been pledged \$1.1bn in aid for 1994, and has won World Bank praise for an unparalleled overhaul of its economy. AP reports from Paris. "It's difficult to find a country that's done more," Mr Stephen Denning, director of the World Bank's Southern Africa department, said at a donors' meeting in Paris. Inflation had fallen from from 284 per cent in early 1998 to 10 per

Malaysian No to UK

British companies had no hope of winning contracts when Malay-sia went ahead with tenders for its new \$3bn airport project, Reuter reports from Kuala Lumpur.

British companies were free to submit their tender papers, "but, because of the government decision not to award to UK companies, there is no likelihood they are going to get the ender," Deputy Prime Minister Anwar Ibrahim said Malaysia announced in February that British contracts in an Anglo Japanese consortium to build a new airport were cancelled, in retaliation for British media allegations of corruption in Malay-

Sudan allows food to south

Sudan's Islamic government and southern rebels yesterday Satisfy Sistering government and southern rebels yesterday agreed to allow food and aid to the south, Reuter reports from Nairobi. After three days' talks, they also agreed to respect aid workers and supplies in the "corridors of tranquillity" and appealed for more international aid.

Lebanese militia blamed

Lebanese authorities yesterday accused members of Lebanon's Christian militia of a church bombing that killed 11 people, Renter reports from Beirut. Seven members of the Lebanese Forces were among nine people arrested or wanted concerning the February 27 bombing of the Church of Our Lady of Deliver-ance at Jounish, north of Beirut, they said.

Leakey decides to quit wildlife job

Mr Richard Leakey, East Africa's foremost conservationist, yesterday abandoned his struggle to protect the Kenya Wildlife Service from political predators by submitting his second letter of resignation to President Daniel arap Moi. He said he would not run the KWS under new directives which could destroy years of ploneering work.

conservation authority does not seem via-ble in this context," Mr Leakey said. He mentioned only two of the new directives: anti-poaching units, run successfully for the past four years by the KWS, would be placed under the authority of the Commissioner of Police; and that most KWS resources, including miliions of dollars of donor funds, should be spent outside its wildlife sanctuaries.

Mr Leakey returned to head the KWS, "The KWS dream of a self-financing, at the president's request, less than two national aid he has raised efficient, publicly owned but independent weeks ago. He had offered his resignation vation projects in Kenya.

in January, after charges of racism and corruption were directed at him by cabinet ministers and politicians. President Moi attempted to defuse the international uproar over his resignation

by appointing a committee to examine the workings of the KWS. The committee's recommendations have not been made public, but they appeared designed to curtail Mr Leakey's independence, and to siphon off the millions of dollars of international aid he has raised to fund conser-

Icy Sino-British relations show signs of thaw

Simon Holberton reports that the row over Hong Kong democracy may be near a resolution

Britain's winter of bruising struggle with China over Hong Kong has given way to a spring

Since Hong Kong's Legislative Council (LegCo) voted more than a month ago for the first stage of Governor Chris Patten's political reform legislation, Beijing has scaled back its attacks on the British.

Last week Mr Qian Qichen, China's foreign minister, suggested Beijing might be prepared to draw a line under its row with Britain over democracy in Hong Kong. He said co-operation with London could continue in spite of the row over political development. This theme was taken up by Chinese Premier Li Peng this week when he affirmed Beijing would not exclude UK companies from the Chinese market because of the Hong

British officials are used to having hopes raised only to see them dashed. But the recent comments, together with other developments, were seen in the colony as further evidence of what in different circumstances Sir Percy Craddock, the British govern-ment's former China adviser, called the faint musical sounds of the lake

ice cracking in the sun". Beijing's more accommodative stance has been matched by London. Mr Patten has virtually vacated the Hong Kong political stage since he returned from Australia last month. This is a far cry from the political campaign which the governor's advisers were promising in December when Sino British talks about Hong Kong

In recent weeks Beijing has given

In London Sir Percy Cradock, Britain's former chief negotiator on Hong Kong, yesterday attacked the policies of the present governor, Mr Chris Patten, in even more personal terms than those he used to the House of Commons foreign affairs committee last December, Edward Mortimer reports.

In a speech to the Royal Institute of International Affairs Str Percy recalled the phrase "double whammy", used of Labour's tax policies by Mr Patten when he was chairman of the Conservative party, and said that what Britain had

the impression of seeking a resolution to a number of outstanding issues. The two sides appear to be closer than they have ever been to an agreement on the issue of defence lands. Senior officers of China's People's

Liberation Army have been in Hong Kong to view the government's plans for "reprovisioning" defence facilities - notably the HK\$1bn (£87m) construction of port facilities for the Chinese navy on Stonecutters Island, in the middle of Hong Kong harbour. Similarly, prospects for an agree-ment on the financing of Hong Rong's multi-billion dollar airport project seem brighter than at any time for the past two years. Earlier in the year the Hong Kong government capitu-lated to demands from China to pump more cash into the project. China may yet wish to extract further concessions but UK officials say they feel a

deal is close at hand. In addition Beijing has shown signs of flexibility (or indecision) in relation achieved in Hong Kong was "quite a notable example". Official policy, he said, had an "Alice in Wonderland" quality: "All those who speak up for democracy will have ended up by damaging it, and in the process will have antagonised

a rising superpower". Sir Percy also accused Mr Patten of putting andue pressure on LegCo, the coiony's legislative council, to adopt his proposals for the 1995 elections. The people of Hong Kong, he claimed, were being "pushed forward into a kind of confrontation which I don't think they want". He

to Hong Kong's post-1997 constitution. During and immediately after last year's failed Sino-British negotiations on the colony's constitutional development Beijing's position was uncompromising. It threatened to overturn all political arrangements made with-

But the recent meeting of China's National People's Congress (NPC) suggested Beijing's position has become less dogmatic. Mr Li clearly stated that "British enterprises are welcome to participate in the Chinese market," adding that Beljing would make efforts to minimise the negative effects of the Sino-British row on

bilateral trade. During the NPC, there was confusion over the meaning of a resolution on Hong Kong politics and an inabil-ity of delegates from Hong Kong to speak with one voice. A resolution proposed by Mr Cheng Yiu-tong. chairman of New World Development a large Hong Kong property and infraurged that LegCo be allowed "a whip-free vote", but alleged that "in fact what has happened has not been that. All the resources of Government House are being used to push it through, including the placemen, the appointed members. They are being asked to move forward like the troops of the Light Brigade." In any case, Sir Percy added, LegCo should not be the final arbiter. "We remain responsible until 1997. It does not lie in our ability to say 'it's very unfortunate but this is what LegCo wanted'. That won't

structure developer, recommended abolition of the colony's "political structure" after 1997. In the end the NPC did not vote on Mr Cheng's motion. This gave comfort to those who believe Belling does not want to box itself in, but rather wants to leave

Mr Qian's remarks last week were among the more emollient to come from a Chinese leader in months and Mr Li's comments indicated that Bei-

row. His comments were welcomed by Mr Hugh Davies, Britain's chief representative to the JLG, who said they

itself room for manoeuvre.

jing was not prepared to jeopardise all aspects of ties with Britain.
Mr Qian highlighted the work of the Joint Llaison Group (JLG), a bilateral group dealing with the mechanics of the transfer. The foreign minister said the activities of the JLG, and its sub-committee dealing with the airport, had been unaffected by the political

were "very encouraging".

Mr Qian, perhaps recognising that

Beijing has been losing the hearts and minds campaign in Hong Kong, went on to underline China's commitment to the colony. "Despite a breakdown of Sino-British talks on the political structure arrangement of Hong Kong, China still cares about Hong Kong's economy and the livelihood of its people," he said. But in spite of his softer tone, UK and Hong Kong government officials point out there is a long way to go before resumption of constructive co-operation on Hong Kong. Central to this is a resolution of differences over the colony's legal system.
The "localisation" of Hong Kong

ded painfully slowly. There are about 600 laws in Hong Kong needing amendment; half of these are based on UK enactments and about 200 relate to international treaties. Since April 1990, when China enacted the Basic Law, only 30 of the laws have been approved, and about half of the treaties agreed in principle. Moreover, Hong Kong has yet to legis-late for the Court of Final Appeal, the

court which will supersede the Privy

law-to bring it into line with the

Basic Law. China's mini-constitution

for post-1997 Hong Kong - has pro-

Council in London. Legislation is being drawn up to give effect to a 1991 agreement between London and Beljing on the court. Details of the legislation will, however, need to be agreed through the JLG. When Hong Kong govern-ment officials heard Mr Qian say that "both sides should make efforts to ensure Hong Kong's prosperity and stability" they hoped he was referring to the colony's legal system.

Jardine profits up, Page 18

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Markets seek clues to 'neutral' rates

Michael Prowse on what Greenspan may mean by such an interest level

here is a question hovering like a dark cloud over financial markets, What does Mr Alan Greenspan. the Federal Reserve chairman, mean when he talks of a "neutral" level of short-term interest rates?

The question is critical because Mr Greenspan has indicated publicly that he intends to raise rates until they reach a neutral level consistent with sustainable non-inflationary growth.

The problem is that the Fed has given no indication of what such a rate would be. Confusion about the meaning of neutrality partly

explained the adverse market reaction to the Fed's first tightening move - the quarter point increase in short rates announced on February 4. It was immediately clear that rates were still below a neutral

level. Markets therefore discounted further rate increases, causing a plunge in bond prices and a rise in yields to nearly 7 per cent.

Tuesday's quarter point increase, taking short rates to 3.5 per cent, was better received, presumably because it took rates closer to Mr Greenspan's goal of neutrality. Bond prices surged and share prices advanced modestly, rather than plunging as in early February.

Many analysts now expect the Fed to leave rates unchanged for a few months, in the hope that markets will calm down. But because 3.5 per cent is almost certainly not what Mr Greenspan regards as a neutral monetary policy, nagging doubts will remain.

In recent decades, says Mr Bruce Steinberg, a senior economist at Merrill Lynch in New York, the federal funds rate the cost of overnight money for banks - has exceeded consumer price inflation by an average of 180 basis points, or 1.8 percentage points.
Since the underlying rate of

inflation is at least 2.5 per cent and quite possibly 3 per cent. - this implies a neutral rate would be between 4 per cent

and 5 per cent However, during periods when inflation was subdued such as the 1950s - the gap between inflation and short-term rates was closer to 100 basis points or 1 percentage point. So optimists on inflation - such as President Bill Clinton's economic advisers - may believe the present fed funds rate of 3.5 per cent is already at, or close to, neutrality. if economic growth slows down after overheating in the final quarter of last year, as

Orders for US durable goods fell 2.5 per cent between January and February, more than expected in financial markets, but the decline mainly reflected a sharp drop in aircraft orders, which tend to be highly volatile on a monthly

Excluding transport, orders were flat in February and up 8.6 per cent from the same period last year. Excluding fence as well as transport, orders edged higher last

Mr Ron Brown, commerce secretary, said the figures, adjusted for special factors. were consistent with "sustained economic growth".

He said orders for non-defence capital goods, excluding aircraft - regarded as a good guide to civilian investment trends - rose 5.3 per cent last month.

"The manufacturing sector continues to expand," said economists at C.J. Lawrence, a New York broker. "Both dura-ble goods orders and shipments are on steep uptrends." They predicted a sharp rebound in aircraft orders this

Most analysts are anticipating a strong rebound in economic growth in March after disruptions in several sectors as a result of severe winter weather earlier in the

most forecasts suggest, monetary policy might not need to be tightened much more. And bond yields could move back down to, say, 6.5 per cent.

Mr Greenspan may have more sympathy for this view than some analysts suspect. On several occasions he has noted that rapid economic growth need not be inflationary provided it reflects rapid productivity growth - which the US has certainly enjoyed in the past two years.

It is thus conceivable that the Fed regards 4 per cent as an upper bound rather than a lower bound when estimating neutrality.

But this hardly investors off the book. The Fed's talk of raising rates to neutral levels was probably only the first step in a gradual process of conditioning politi-cal leaders to the need for a tighter monetary policy.

In a strong business cycle upswing, such as that under way in the US today, rates typically have to be lifted, temporarily, well above neutral levels. It thus seems almost inevitable that the Fed will push rates well above 4 per cent even if it remains confi-dent about the inflation out-

For what it is worth, historical experience suggests rates will rise substantially from present levels.

The average increase in short rates during previous episodes of tightening was nearly 6 percentage points, or nearly 4 percentage points excluding the inflationary 1970s. That suggests short rates could rise to 7 per cent or more in the next few years.

How rapidly the Fed raises rates will depend on trends in real growth and inflation, which in turn will be influenced by the tightening already announced.

The sharp rise in bond yields since early February has already caused fixed-rate mortgage rates to rise from 7 per cent to 7.75 per cent. Since these rates are fixed over the term of the mortgage, home-buyers are scrambling to complete purchases before rates rise another notch. But over the next few months, higher mortgage rates are likely to cool the housing market.

Some deceleration in the heady growth of business investment - the leading sector in this productivity-driven recovery - can also be expected in response to the increase in long bond yields. But the impact will be modest and will probably not begin to take effect much before the end of this year.

As yet it is unclear what effect Fed tightening will have on commercial banks' prime lending rates, currently 6 per cent. Many consumers and small companies borrow at

rates linked to prime. The Fed's tightening moves have reduced the margin between prime and money market rates from 3 per cent to 2.5 per cent. But the margin is still generous by historical standards. Since many banks are highly profitable, they can afford to delay increases in prime rates in the hope of generating more loan volume.

Opponents of further Fed ening will argue not only that recent interest rate moves are already having a negative impact on growth, but that prices are anyway remarkably subdued. In February the annual rate of consumer price inflation was 2.5 per cent; wholesale price inflation was under 1 per cent.

Mr Greenspan's unpopular task is to prevent a resurgence of inflation as the recovery matures - something that has accompanied every previous post-war business cycle.

Creditors come out in favour of Brazil

By Angus Foster in São Paulo

Brazil yesterday looked close to winning approval from bank creditors to close its \$52bu (£35.6bn) commercial debt restructuring, without the formal support of the IMF.

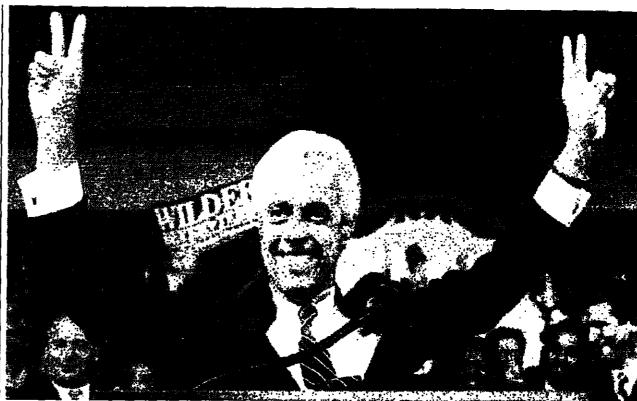
Mr William Rhodes, vice-chairman of Citibank and chairman of the bank steering committee, said creditors holding 50 per cent of the debt had agreed to waive the IMF's

"I feel confident we will obtain the 66 per cent we need. This is the quickest waiver approval I've ever experinced." Mr Rhodes said. Banks have until the end of today to agree the waiver.

The waiver became neces sary after the DMF last week refused to grant Brazil a stand-by loan, apparently reflecting concern about the viability of the country's anti-

inflation measures. The usually appalling traf-fic in São Paulo, South America's largest city, was even worse yesterday due to a series of strikes protesting against the government's antiinflation measures.

Metalworkers from São Paulo's main car plants blocked motorways in the south of the city while services on the underground railway were delayed for two hours. Workers complained that the gov-ernment's latest attempt to tackle inflation, through the introduction of a new currency later this year, is damaging their purchasing power. Conditions returned to normal by late morning.



Mr Douglas Wilder, pictured in 1989 when he became the first black governor of a US state

Wilder tempted by Virginia race

Political Washington may be consumed with Whitewater, but it does not have to look far afield for diversion. The neighbouring state of Virginia is currently providing political theatre of the highest order.

The latest twist to its endless soap opera has come in the shape of public musings by Mr Douglas Wilder, former governor, that he might have to enter this year's Senate race to stop the state becoming, as he puts it, "a laughing stock". Most Virginians were surprised when Mr Wilder, a Dem-ocrat, pulled out of the Senate contest in January. They had

assumed he would not be able

ing on his long-time enemy, the incumbent Democratic Senator Chuck Robb, whose staff had owned up to bugging Mr Wilder's telephones.

They believed Mr Wilder, the state's first black governor, had concluded that Mr Robb was more likely to beat former Lt Col Oliver North of Iran-Contra notoriety, then considered the Republican favourite. He may also have been influenced by the ease with which Mr George Allen, the conservative Republican, won the governor's race last November

But circumstances have changed and both Mr Robb and Mr North have fallen on hard times. The former has finally

to his wife (the daughter of President Lyndon Johnson) while the latter has incurred the wrath of ex-President Ronald Reagan for presuming to suggest that his old boss knew

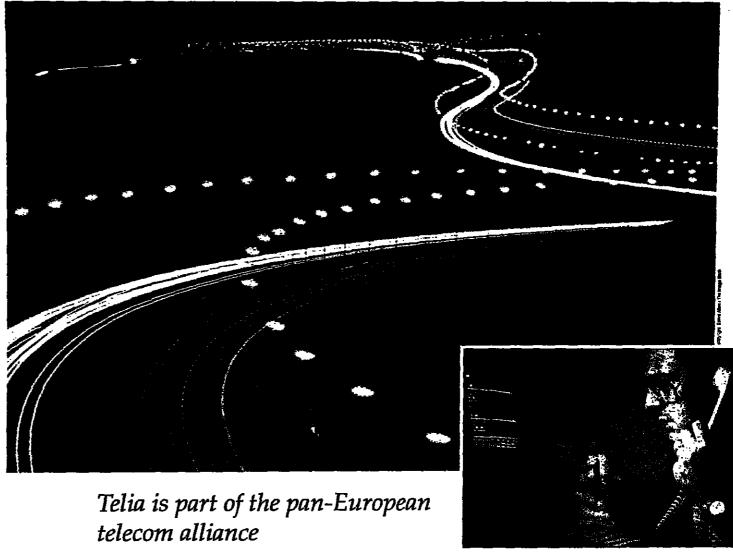
more than he has let on about Iran-Contra. Both men's favourable ratings have plunged to the low 30 per cent range, according to one local poll. Mr North now only has a small lead in the Republican contest over Mr James Miller, budget director in the Reagan administration but hitherto an obscure personality in the state. Mr Miller comes out

even with Mr Robb, while

Meanwhile, Mr Allen, in spite of successes with the state legislature, has also been no stranger to controversy, first saying be would join a private club with a history of discrimination against blacks and women and then changing his mind. His staunch support of a proposed new Disney historical theme park in northern Virginia is also stirring up the

local hornets. The temptations for Mr Wilder are pretty obvious. "People are joking about us nationally," he said this week. For a state which produced George Washington and Thomas Jefferson, that is no laughing mat-

Business Backbone



For professionals managing data and telecom matters in internationally active companies, "seamless communications" is not just another high-tech buzzwerd. Direct communications have always been the objective, but until now, technical and administrative boundaries between Europe's national telecom operators have remained a major obstacle.

To provide a solid "backbone" for international business communications, Telia, the Swedish telecom operator, has entered into a long-term alliance with PTT Telecom Netherlands and Swiss Telecom PTT. Unisource, owned jointly by the three partners, provides a single point of contact and a seamless international network, supporting global services for data, satellite and messaging communications. Other Unisource services will follow as liberalization evolves, and demanding international business customers are already reaping the benefits.

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Clinton supporters urge tougher stance on Haiti

By George Graham

President Bill Clinton's policy towards Haiti yesterday came under fierce attack from some of his most reliable supporters. The Congressional Black Caucus, representing 40 Afri-

can-American members of Congress, urged Mr Clinton in a letter to scrap his Haitian policy and take a tougher approach to the task of restoring ousted President Jean-Bertrand Aristide to power.
The caucus urged Mr Clinton

to cut air links with Haiti, deny visas to the Haitian military and impose sanctions on any country violating the United Nations embargo on trade with the Caribbean

Many of the caucus's mem-

bers - including Congressman Kweisi Mfume, its chairman, and such senior congressmen as Mr Bill Clay of Missouri and Mr Louis Stokes of Ohio - also signed an open letter published yesterday in the New York Times newspaper accusing the administration of racism in its

policy towards Haitian refu-The letter, which is signed by mayors, actors, singers and civic leaders, complains that the US has "effectively sealed Haitian political refugees into the death chamber of their own island," while offering safe haven to refugees from countries like Vietnam, Cuba

and Poland. "In no other case, against no other people has our nation employed measures of automatic repatriation. Why just

sonably conclude that our policy is driven by considerations of race," the letter says.

State Department officials said the US continued to work with backers of a formula pro-posed by some members of Haitl's parliament that calls for Mr Aristide's return but with no fixed date and without the removal of the military leaders who ousted him. Mr Aristide has rejected the for-

mula. Mr Michael McCurry, State Department spokesman, acknowledged that a draft UN resolution supporting this formula had made little headway. "I don't know how long it takes a UN resolution to get mouldy, but it has certainly been on the shelf," he

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US secures Gatt waiver over China

The US yesterday won a change in General Agreement on Tariffs and Trade rules allowing it to refuse Gatt benefits to China even if Beijing succeeds in rejoining the world trade body this year.

US trade officials have indicated that Washington might seek this opt-out if the Clinton administration decides in June not to renew China's most favoured nation status in the US market because of Beijing's poor human rights record. The MFN rule, which forbids discrimination between trading partners, is one of Gatt's fundamental tenets.

At yesterday's meeting of Gatt's governing council, the US secured formal approval from other nations for a reinterpretation of the "non-appli-cation" rule. This provision. rarely invoked, allows any individual Gatt member to refuse to apply the General Agreement on Tariffs and Trade to an incoming member

stipulates that the two coun-

iff negotiations with each other, an integral part of the bargaining process on Gatt entry terms. The new interpretation, effective immediately, will allow "non-application" even after tariff negotiations have been started. This effectively applies to Gatt the redrafted "non-application" rule of the new World Trade Organisation, due to come into force next year.

US could lift its effective block on China's rapid entry into Gatt, and begin the necessary bilateral tariff bargaining with Beijing, without prejudice to this year's decision on MFN. China is anxious to become a Gatt member by the end of the year in order to qualify as an original member of the WTO. At a meeting last week of Gatt's negotiating group on

partners agreed to try to accelerate the seven-year-old talks but the US has so far refused to commit itself to an early

The possibility of allowing However, the present rule China to join Gatt, while tipulates that the two coun-reserving the right of "non-ap-



Mr Bill Gates, chairman of US software giant Microsoft, pictured in Beijing, the Chinese capital, yesterday taking time off from talks with the country's political leaders and local computer enterprises

administration in its search for a long-term way out of the damaging annual MFN debate over Chinese trade and human rights. If the US decides not to invoke the "non-application" provision at the outset, or later revokes it, it cannot under WTO rules reinstate it again.

also saw strong criticism of the US decision to reinstate Super 301 provisions for unilateral trade action. In addition, the council decided:

 to set up a working party to draft membership terms for Estonia, which brings the number of countries negotiating

• to set up a working party to examine whether the North American Free Trade Agree-

 to postpone substantive discussion of a Gatt disputes panel report condemning EU restrictions on imports of Latin American bananas. Negotia-

tions between the EU and the affected producers are continu-

Separately, trade officials that all 81 Uruguay Round tar-iff schedules would be cleared by trading partners as final

> administration that this round was it," Mr Stocker said. "If agreement couldn't be reached. our negotiators were going to pull the plug. We believe this time final means final."

pushed for the talks when in 1989 it filed a complaint under Section 301 of US trade law. Unsubsidised US shipyards lost

Clinton backs 1/11C law to combat ship subsidies during the 1980s because they

By Nancy Dunne

The Clinton administration has agreed to throw its weight behind legislation now in Con-gress which would impose fines on new ships built in foreign subsidised shipyards entering US ports.

The decision to back the long-delayed legislation comes after leading shipbuilding countries and the US, meeting last week at the Organisation for Economic Co-operation and Development in Paris, failed to agree to an end to shipbuilding and repair subsidies. The bill is intended to serve as a leverage in the US effort to end ship dumping, indirect supports. and subsidised export credits.
US trade officials and the industry, represented by the Shipbuilders Council of America, are now at odds over the future of the talks. Officials are hoping for another round in

ument laying the groundwork for further negotiations. Mr John Stocker, president of the shipbuilders council. sald he had lost hope in a negotiated solution.

April. The Swedish chairman

of the talks will prepare a doc-

"Before last week's talks, we were assured by the Clinton

The shipbuilders council

could not compete against subsidised competition. With the end of the cold war and the reduction of the naval fleet, more shipyards will close.

Mr Stocker was critical of European negotiators, who are blaming the failure of the talks on the US. "While the Japanese and Koreans were clearly interested, at least, in engaging the US side in dialogue. Europe was not," be said. "Without the legislation. we will never attain the trade agreement we want.

The council is also critical of the administration, which has reportedly held up 11 applications for a new programme export credit guarantees, which offer up to 25-year repayment terms.
After bilateral talks with

Japan and South Korea produced significant breakthroughs. US trade officials thought an end to the negotiations was at last in sight. "The US, Japan and Korea

agreed to one standard on loan repayment terms - 12 years. Europe said No." an official said. "The US wanted discipline and a binding dispute settlement on export credit financing. The EU said No."

The EU then brought up the US Jones Act, which allows only US owned, built, and crewed ships to make more than one stop at US ports. US negotiators said this was an operating issue rather than a shipbuilding issue, but that the US was willing to limit the number of new ships bailt under the act.

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Caribbean basin nations hope for help to ease the pain, writes Canute James

Neighbours line up at the door of Nafta

ing with more than passing interest an imminent US statement on measures to cushion the economic dislocation which the region expects from the North American Free Trade Agreement.

However, Washington's proposals, promised by Mr Alexander Watson, assistant secretary of state for inter-American affairs, are likely to disappoint Caribbean basin governments which have been seeking a compre-hensive package to allow free access to the US and Canadian markets. The US proposals could also be "at a cost"

Claiming that a more competitive Mexico, with free access to the US and Canada, will capture markets which Caribbean basin countries have developed under current trade agreements. the region has asked for "parity" with Mexico in exporting to Nafta signato-

Some regional government officials and US legislators supportive of the Caribbean's concerns - which include the possible diversion of investments to Mexico - have now concluded that what would amount to a de facto extension of Nafta is unlikely. They believe that the US administration would not again willingly confront the coalition of opposition which fought the implementing legislation last November

bean governments are await- year between President Bill Clinton and leaders from the Caribbean and Central America. Mr Clinton and his Mexican counterpart, Mr Carlos Sali-nas, assured the Caribbean basin countries that they would not be adversely affected by the implementation of Nafta, and that efforts would be made to protect their markets in the US and Canada.

What the Caribbean basin countries want is quick action by legislators in Washington, and then in Ottawa and Mexico City, to ratify proposals by some US congressmen to put all the region's exports to the US and Canada on a par with Mexico's.

The parity proposals are aimed at giving Caribbean basin countries an open door to the Nafta market for three years. During this time they would have the opportunity of negotiating their future trade relationship with the Nafta signatories, with the option of seeking membership either as individual states or as a group.

"President Clinton has said his administration will ensure that the benefits of Nafta are felt by the Caribbean countries," said Mr Manuel Esquivel, prime minister of Belize. "We are heartened by President Salinas' assurances that it is not Mexico's intention to take investments away from the Caribbean. But we remain apprehensive.

There is yet no indication of what the US administration will propose for The measures to be announced by the Caribbean basin. Mr Edwin Car-



Prime ministers Manuel Esquivel (left) of Belize and P J Patterson of Jamaica are apprehensive about the treaty's impact on their countries' economies

rington, secretary-general of the Caribbean Community (Caricom), said he expected parity to be given to "only a few" of the region's exports,

including textiles. The parity issue, which is the first step we are seeking, is becoming a case of limited benefits for a very great price," he said. While willing to give parity to a few products, the US wanted the Caribbean basin countries to meet new conditions, including bilateral investment treaties, intellecworkers' rights and environmental legislation, democracy, good governance and accountability, Mr Carring-

The costs of parity are much higher than we anticipated and any thoughts of full membership of Nafta are as far down the road as they ever

In presenting their case for parity, Caribbean leaders have argued that the US and Canada will also be the losers if there is extensive economic

Patterson, Jamaica's prime minister, claimed that many jobs in the US depended on trade flows between that country and the Caribbean region.

"Each \$1bn of US exports to the region creates 20,000 new jobs in the US," he said. "In the past 10 years US exports to the Caribbean basin have doubled, making the region the tenth largest market for US exporters. As Caribbean economies grow our ability to absorb US exports will also

"Currently 60 cents of every dollar earned by the Caribbean returns to the US through the purchase of US roods, compared with only 10 cents for each dollar spent by Asia. This is why we must pursue efforts to ensure that the question of the granting of parity be given early and positive con-

Without improved access to the US and Canadian markets to counter Mexico's benefits under Nafta, the Caribbean basin countries will have to continue depending on their current trade preference agreements with the US and Canada.

The benefits from these were diminishing, said Mr Carrington, as the region's exports became less competitive and Mexican products enjoyed

the benefits of the market. "The Nafta playing field will never be level for the region," he said. "Nobody is going to give us an even playing field, but we have to work to

NEWS IN BRIEF

Ford outlines China venture

The Ford Motor company said yesterday it had signed a preliminary agreement with Shanghai Automotive Industry Corp for a components manufacturing joint Reuter reports from Dearborn, Michigan.

The US company said its plastic and trim products division and Shanghai Automotive's Yan Feng division would collaborate on producing interior trim components, seats, instrument panels and other plastic parts for the Chinese motor industry. It is Ford's first manufacturing venture in the country.

New bridge to Singapore

The governments of Malaysia and Singapore have signed an agreement to build a M\$2.3bn (£568m) second bridge linking the two countries, writes Kieran Cooke in Kuala Lumpur. The work on the Malaysian section - about two-thirds of the total 2km length of the structure – will be carried out by United Engineers, a company closely connected to the dominant United Malays National Organisation political party. About 50,000 vehicles use the existing bridge and severe congestion problems have developed.

EU pact with Ukraine

The European Union signed a partnership and co-operation agreement with Ukraine yesterday, the first such pact with a former Soviet republic, Reuter reports from Brussels. The pact envisages a future free-trade area between the two sides following an assessment in 1998 of Ukraine's progress towards

Finns in Russian deal

Ivo International, the Finnish power company, has signed an agreement to participate in the rehabilitation of 16 power plants and associated heating systems in Russia, mainly around St Petersburg, Michael Smith writes.

The value of the projects, together with the development and commissioning of new environmental protection technologies, will be about FM1bn (£122m). Russia will cover the costs of the projects by currency earned with sales of fuel and electricity to Finland. Most of this power will be the result of savings from modernisations and improvements in efficiency at the plants.

Abu Dhabi mosque bids

Some 20 international companies have submitted pre-qualification documents for a prestige contract to build a 50,000 sq metre mosque in Abu Dhabi. The closing date is April II, Robin Allen writes from Dubai. The marble-and-granite structure will be called the Grand

Mosque of Sheikh Zayed Bin Sultan II, after the ruler of Abu Dhabi and president of the United Arab Emirates. Estimates put the total cost at some Dh500m (£91m).

Tractebel Al Khaleej was recently awarded the consultancy contract for the Taweela "C" project by the Abu Dhabi water and electricity department, which is building a new power generation and water desalination plant at Taweela, near

Indians court Sri Lanka

"Sri Lanka looks a much better bet for Indian business than Vietnam", said Mr Jamshyd Godrej, president of the Confederation of Indian Industry, summing up prospects for Indian trade and investment in Sri Lanka, Mervyn de Silva writes from Colombo. Mr Godrej was the leader of a 15-member business delegation visiting Sri Lanka. Bilateral trade rose from \$65m in 1989 to just over \$300m (£205.4m) in 1992 but remains heavily in India's favour. The Yamanouchi shares dropped 1993 figure is likely to exceed \$350m, according to the local chamber of commerce. "The Indian authorities and big business seem to agree that Indian investment in joint export ventures is the best answer to the widening trade gap. We must try

> chamber of industries. Arvind Mills, a leading Indian textile manufacturer, will set up a \$14m textile mill in the north Colombo free trade zone. Two other Indian projects, an asbestos factory and a steel rolling mill, have also been given ministry approval.

to attract the Indian giants," said a spokesman for the national

dislocation in the region caused by a tual property rights agreements, 'Litany of disasters' for the international drugs industry

and Paul Abrahams in Tokyo



"I like to keep tabs оп ту топеу"

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Clinton administration's proposed US healthcare reforms "I have no qualms in predict-

The past year has been the worst in recent memory for the international drues industry. the Financial Times World Pharmaceuticals Conference heard yesterday. Mr Henry Wendt, chairman

of Smithkline Beecham, opened the meeting in London by reciting a "litany of disasters", including 'draconian' government mandated price cuts and/or prescribing restrictions in Italy, Germany, Japan and other countries.

"Apart from the Gatt agreement, which advances protection of intellectual property rights, it's bard to think of any good news for the pharmaceutical industry over the last vear." Mr Wendt said. "So it's no surprise that sales and earnings growth is slowing and that many [company] shares have declined by 30 per cent." Much of the industry's ner-

ing that, come hell or high Whitewater, healthcare legisla-tion will be signed into law in 1994," said Mr Toby Moffett, a former congressman who now runs Strategic Policy, a US

'US healthcare reform will be passed this year'

Mr Moffett forecast that the legislation would be a watereddown version of the original Clinton proposals. But, he warned, "the politicians will feel strongly that they need some populist elements to this bill and that means that slapping down the insurance and pharmaceutical industries will be a prerequisite to passage" The drugs industry had so

far "not been as creative and

certainly not as effective as it

But Mrs Virginia Bottomley. UK health secretary, delivered a more reassuring message to the industry in Britain. Delegates were relieved to hear that the government "still remains to be convinced about the merits of compulsory generic substitution - prescrib-

ing cheap unbranded drugs

wherever possible. Her junior colleague, Dr Brian Mawhinney, health minister, had alarmed the industry last month when he said he wanted to discuss ways of extending generic substitution with the British Medical Asso-

ciation. The Japanese Ministry of Health and Welfare was severely criticised for its costcutting methods by Mr Kunio Takeda, president of Takeda Chemical Industries, Japan's biggest pharmaceuticals com-

The policy of steep price cuts every two years had forced manufacturers to launch only slightly modified compounds to

nies were forced to sacrifice themselves [because of] unfair measures to contain healthcare expenditure, in the long-run [the policy] would backfire in drug discovery opportunities,"

the industry.

in developing new drugs, Mr Takeda said. Such policies

would, in the long run, damage

"If pharmaceuticals compa-

Mr Takeda also complained

of the ministry's "closed door" way of decision-making. Consultation with the industry appeared to be a mere formality, he said. The ministry is imposing an average 6.6 per cent price reduction on April 1. The complaints follow a let-

ter earlier this month sent to the Japanese ministry by the US Pharmaceutical Manufacturers' Association and the European Business Council, It objected to the lack of transparency in the ministry's decisions and argued that changes in policy had been imple-

Tokyo suicide warning over drugs

By Paul Abrahams in Tokyo

Japan's ministry of health and welfare vesterday warned that alpha interferons, drugs developed to treat bepatitis and cancer, could cause depression and exacerbate spicidal tendencies. It said 32 people taking the drug between July 1987 and December 1993 had

attempted suicide and 12 of them had died. The appopprement is

another serious blow for the Japanese pharmaceutical industry. Interferons were one of fastest growing sectors last year in what was otherwise a lacklustre Japanese drugs market.

The stocks of Japanese com-

panies marketing alpha interferons fell sharply. Takeda shares fell Y40 to Y1,250. Baring Securities estimates its interferon generated sales of Y30bn (£190m) last year.

Sumitomo Chemical, which markets interferon under licence from Wellcome of the UK and achieved sales of about Y48bu, fell Y11 to Y464.

for foreign drug companies. The world alpha interferon market was worth about \$1.5bn last year, of which most was in Japan. Those affected

in Japan of Y30bn last year.

Y20 to Y2,050. The news is also a setback include Schering-Plough of the US, whose drug achieved sales

Row likely over whether UK too lax in licensing satellite channels which can be seen all over the EU K faces Brussels challenge over TV

By Gillian Tett in Brussels and Raymond Snoddy in London

The UK appears to be heading for another row with Brussels following a decision yesterday by the European Commission to start legal action against the British Government for failure to comply with the EU television directive.

The row is about whether the UK is too lax in licensing satellite television channels which can be shown all over

The commission is taking the UK to the European Court of Justice over the technical issue of jurisdiction. All other

EU countries regulate satellite channels in the country where their headquarters are located. The UK, following the European Council convention on the issue, believes jurisdiction should be up to the country where the programme signal is "up-linked" to the satellite. The jurisdiction issue masks

quotas to preserve European programme content.

Under the directive, cable and satellite television channels have to carry a majority of European made programmes "where practicable." Those which do not should move progressively in that direction. Channels such as Mr Ted

Turner's TNT/Cartoon channel licensed in the UK feature predominately American material

against the UK on the jurisdicinto line with the rest of tion issue because it might not Europe by opening legal probe successful on quotas because of the "where practica-

The move is likely to be ble" qualification. welcomed by France and A new paper on the audio-vi-sual industries throughout the Belgium, which have complained that the UK's failure to impose EU standards on satel-EU is believed to suggest strengthening the quota syslite television have left chantem, possibly requiring evinels like TNT/Cartoon Channel dence of direct investment in free to broadcast into their

Yesterday's decision means The present situation, the the Commission has decided to commission argues, makes a

mockery of the single market since broadcasters can fall under two national licensing systems · or under none, as in the recent case of the pornographic channel Red Hot Dutch, which evaded both UK and Dutch licensing laws.

In December the National Heritage Department in the UK wrote to a number of satellite channels asking what progress they had made to meeting the 51 per cent programme quota.

Britain in brief



Birch and Fife fields get go-ahead

The government approved the development of the Fife and Birch oilfields in the North Sea. The development of Fife, east of Aberdeen on the Scottish coast, is of particular significance, as it will use a floating production and storage system on a converted tanker - an innovative system which allows the tapping of

Amerada Hess and Premier Consolidated Oilfields, partners in the Fife field, will lease a vessel which will be moored over the field for the four years or so that it will take to drain the estimated 34m barrel reservoir.

The vessel will be secured to the seabed by nine chains attached to undersea piles. It will rotate around a turret through which pipelines attached to the wells will pass. The ship's propulsion unit will be retained to allow it to move in very severe storms - but normal winter weather will not affect it position.

Funds increase investments

Investment by UK pension funds, insurance companies. investment and unit trusts shot up last year, reflecting the rebuilding of personal savings and a switch by savers away from cash and into

The Central Statistical Office said yesterday that total net investment by institutions in 1993 was a record £52.2bn compared with £35.8bn in 1992.

Green tech surplus £234m

British environmental generate a trade surplus of £234m, a government report said yesterday. The world market for poliution control equipment and services is now worth some \$210bn. It will grow to some \$320hn by 2000 and \$570bn by 2010, the report

The UK is particularly according to the report, which is prepared by Ecotec, the consulting firm, and a research group set up by the industry and environment expertise in water technology has developed during the industry's modernisation programme, which could cost

Major's new Gaullism

'Superhighway' plan criticised

Mercury, the main competitor in the UK to British Telecommunications, came out against the construction of a national fibre "superhighway", but supported lifting the existing entertainment ban on BT in return for a more favourable regulatory regime.

Lord Young, chairman of Cable & Wireless, Mercury's parent company, told the House of Commons trade and industry committee that he favoured the development of competing local networks to deliver services rather than a BT fibre monopoly at the local level.

VS

Society to cut 550 jobs by '95

Up to 550 jobs are to be axed by building society and bank giant Alliance and Leicester by 1995 under a restructuring programme, the group

PO signals compromise

The Post Office is ready to accept the possible break-up of the corporation by the government with the privatisation of its mail and parcels businesses, keeping counter services in the public

sector.

Post Office executives are also keen to see the counter services given greater commercial freedom so they can operate more competitively.

The government may see this as a way out of the current impasse on the Post Office's

Norbrook lab to expand

Northern Ireland's leading pharmaceutical company is to create 235 jobs as part of a £38.4m investment

The expansion of Norbrook Laboratories was announced at the company's headquarters in Newry, County Down. Norbrook, which has plants

in the Irish Republic, England, Amsterdam, America and Africa, exports to almost 100

McGuinness call for talks

The stalemate in efforts to embrace the republican movement in the Northern Ireland peace process was underlined yesterday by Mr Martin McGuinness, a senior member of Sinn Féin, who ruled out progress without face-to-face talks involving the

Coca-Cola on offensive against sub-brand rival

Coca Cola, the world's biggest soft drinks company, is to launch a multi-million pound advertising, public relations and political campaign to prove that there is only one "real" cola.

It is targeting a recent arrival to the UK: Cott Corporation, a fast growing Canadian bottler and marketer of private label soft drinks for supermarkets. Cott is at an advanced stage of negotiations with J. Sainsbury. It hopes the UK's biggest supermarket chain will launch a cola subbrand - one incorporating Sainsbury's name and a new trade name - by the end of

A raft of expensive consultancy firms have been hired by Coca Cola: Bartle Bogle

defy EU

over poor

work in the UK unless training

standards in those countries

series of outbreaks of d

The warning comes after a

on British farms which have

been linked to infected animals

imported from the EU or east

ern Europe. Vets expect these

outbreaks to increase because

disease. But British vets

believe these checks are not always being carried out prop-

The Royal College of Veterinary Surgeons, to which all

vets must belong in order to

practice in the UK, said it was concerned about training stan-

dards in Italy, Spain and Greece. In some colleges, veter-

inary students could graduate

"without laying a finger on a

live animal throughout their

five-year course". The college, backed by Mrs

Gillian Shephard, agriculture

minister, is pressing the Euro-

pean Commission to drop plans

to withdraw funding of Ecu60,000 a year for regular visits by independent experts

to all vet schools in the EU.

The aim of these visits is to

ensure common standards are

Since the advent of the sin-

gle market last year, the num-

ber of cattle coming into the

have been abolished. But con-

cern about the rising incidence

of disease, such as viral arthri-

tis in horses and warble fly in

cattle, prompted the govern-

ment in November to introduce

tighter checks on imported ani-

mais once they reached their

UK has increased tenfold. Comprehensive border checks on livestock imports

maintained.

erly in other EU states.

By Alison Maitland

were raised.

Hegarty for television and newspaper advertising, Brunswick for public relations, Lowe Bell for political lobbying - as a new trade mark bill goes through the Commons - and

strategic marketing advice. Coca Cola's solicitors Clifford Chance, are aiming to prevent Sainsbury infringing the company's trade marks. Goldman Sachs has also been approached.

Ms Penny Hughes, president of the Great Britain and Ireland division of Coca Cola, said the aim of the campaign would be to persuade retailers that Coca Cola's growth is essential for the growth of the soft drinks market. It also aims to remind consumers that it does not supply ingredients for supermarket brands and that anyone buying Coke is "buying

consultancy AC Nielsen, Coca Cola was the top-selling grocery brand in the UK last year, with sales of £247m. This represents more than 60 per cent by value of the UK retail cola market, well ahead of Pepsi Cola with more than 20 per cent and supermarket lahels with less than 10 per cent, said

OC&C Strategy Consultants. Three years ago the Canadian company began to launch a series of supermarket subbrands in the Canadian and North American market. Now Cott has 20 per cent of Canada's grocery market with Coca Cola in third place.

Meanwhile Coca-Cola is believed to be unhappy that its UK joint venture partner, Cadbury Schweppes, is to bottle Cott drinks in continental

Vets may | Major overhauls **UK** secrecy code

standards The government announced an overhaul of the system by which highly secret government documents are classified, claiming that its reforms British vets warned yesterday they might have to break EU would reduce the amount of official information that is withheld from the public. law by refusing to allow vets from certain member states to In a parliamentary written

answer, the prime minister said he had approved new and more detailed definitions of the four categories - Top Secret, Confidentia Restricted - with which sensitive documents are classified. The new system may help the government to allay criticisms that may emerge from the single market has led to a the Scott inquiry into Armssharp rise in the movement of for-Iraq and which are at the heart of the inquiry into the Pergau dam deal with Malay-Livestock must carry certifisia. But pressure groups and cates saying they are free of

opposition MPs were sceptical

about whether it would lead to more disclosure. At the moment, the classifi-

cation "Top Secret" is blandly defined as "cauing exceptionally grave damage to the interests of the nation." This is now to be replaced by a 200-word definition -including phrases like "to lead directly to widespread loss of life", which explains why the document should merit the description. However, campaigners against official secrecy said the reform would merely give departments more elaborate

reasons to withhold information when a new Code of Practice on Government is introduced in the next few days. ministers as breakthrough in freedom of information, giving the public the right request factual information on govern-



Protestors against a bypass near Bath, western England, which threatens the bronze age settlement of Solsbury Hill, clambered on construction equipment and occupied empty houses to try to balt the project, writes Roland Adburgham. They threatened to intensify their action to make Solsbury Hill the next campaign on the scale of Twyford Down - a sometimes bitter protest which attracted intensive publicity. Several arrests were made.

Interest rate hopes ebb on Eggs get poor retail price figures

Disappointing inflation figures for February dashed hopes of an early cut in base rates and pushed UK share prices down sharply yesterday.

Retailers raised prices during the month, particularly on clothing and footwear, following heavy discounting in the January sales. In London the FT-SE 100

index dropped 46.2 points yesterday to 3,155.3, a low for the year. Gilt prices also dropped, with the June long gilt future falling by three-quarters of a point.

The retail prices index rose 0.6 per cent month-on-month, according to the Central Statistical Office, more rapidly than the 0.4 per cent analysts had been expecting.
The headline rate of infla-

tion, the annual rise in the RPI, fell to 2.4 per cent in February from 2.5 per cent in Jan-

uary, as a substantial increase in February 1993 dropped out of the annual comparison. Analysts had been hoping that the RPI figure would fall to 2.2 per cent.

Similarly, the underlying annual rate, which excludes mortgage payments, was unchanged at 2.8 per cent compared with the consensus forecast of a fall to 2.6 per cent. The government's present target range for underlying infla-tion is 14 per cent.

Recent inflationary signals have been mixed with weak figures on producer prices in February offset by news of a small rise in the annual rate of growth of average earnings in

Some traders had been hoping that good inflation figures yesterday might allow the government to reduce base rates from their current 5.25 per cent. However, Mr John Marsland, economist at the broker UBS, said the "disappointing

next rate cut".

Mr Eddie George, governor of the Bank of England, and Mr Kenneth Clarke, the chancellor of the exchequer, will hold their next monthly monetary meeting on March 30.
Analysts think it unlikely that the pair will want to cut base rates without some evidence that February's inflation figures were a blip rather than a sign of an upsurge in price pressures.

The last rate cut, announced on February 8, was seen by many analysts as badly timed as it coincided with the publication of a Bank of England inflation report which referred to an "asymmetric" risk of a rise in inflation.

Mr Adrian Cooper, UK economist at broker James Capel, said the authorities would want to wait until the March inflation figures were announced (on April 15) before making a cut.

on their tace By Diane Summers, Marketing Correspondent

adverts

From next Monday morning breakfasters will be able to read their boiled eggs, as well as their cereal boxes. British Telecommunications has taken advertising space on 13.5m eggs to promote its new day-

time phone charges.

BT said the eggs, which will bear the message "Wake up to BT's new Daytime Rate", were "cheap medium" enabling it to get over the message that the old peak charges have been abolished.

European ministers failed to agree in September last year about whether advertising on eggs should be allowed but gave the go-ahead for a twoyear trial of the technique. Agency Holmes & Marchant Blitz, which is producing the

BT advertising, said the campaign was the first such largescale promotion in Europe, although it believed egg adver-tising had been tried in Israel. However, British eggs did carry a lion symbol, denoting hygiene standards, until the early 1970s. The advertisements are

printed on the eggs using a high-pressure jet blowing dots of food colouring. Over 20 packaging stations have been equipped to print the patented "Eggverts". The eggs will be distributed through supermarkets in time for Easter. Mr Gareth John, of Holmes

& Marchant Blitz said that retailers were now demanding date marking on eggs. "If consumers are to benefit from this and existing low prices, egg packers need to cover the extra cost they incur in install-Details, Page 20 | ing the printing equipment."

seen as synthetic affair When Margaret Thatcher raged about Europe invariably it was An increasingly frustrated PM may be on the

a sign a weakness. The argument was running against her. She needed an outlet for her frustration.
Nothing has changed. Mr

John Major's newly discovered Gaullism is a synthetic affair. He has chosen to fight Britain's partners over voting rights in an enlarged European Union because his position is weak, not strong. That anyway was the judg-

ment both of Tory Euroscep-tics who applauded his tirade this week against Brussels and of Europe enthusiasts who warned the party may be on the verge of another civil war. Mr Major has decided he needs the support of the Tory right - the group he courted then abandoned when they had secured his succession to No 10 - if he is to survive the summer.

The parallels with last autumn are unmistakeable. Then Mr Major launched his ill-fated back to basics initiative to rebuild bridges with his ideological enemies. Now the prime minister who

promised to put Britain at the heart of Europe is picking a fight with its partners. The European elections in June will be fought on a nationalist platform: Britain for the British one rightwing minister suggested as an appropriate

campaign slogan.
Mr Major appears genuinely determined not to give way over the size of the blocking minority. He has no qualms about relying on socialist Spain as his only ally. Mr Douglas Hurd, whose

public manner suggests that he finds the prime minister's rhetoric distasteful, cannot now sign up to any formula which looks like a retreat. Mr Major claims the bulk of

ropes, writes Philip Stephens his party is behind him. It is

true that since the stand was taken on defending the misnamed "British veto" backbench opinion has hardened. Demoralised Tory MPs see in the battle with Johnny Foreigner a chance of easy headlines. They are encouraged that a leader more typically swept along by events is ready for once to back up tough words with tough action.

Many Conservatives swallowed the rhetoric used by Messrs Major and Hurd to sell the Maastricht Treaty. That accord they were told, marked the end of the road for Europe's centralists. The nation state would return centre-stage

Mr Hurd, who once more accurately described the treaty as "an honourable draw", never believed his own propaganda. But it is too late for the foreign secretary to admit that. So the long-sought entry to the Union of Sweden, Norway, Finland and Austria cannot be seen to dilute the government's power to block unpalat-

able decisions. There is a similar mood among Tory party activists, many of whom are said by pro-European MPs to belong to the When-in-doubt-bash-a-Kraut school of politics.

Then there is the cabinet. It has a large pro-European majority. Mr Michael Heseltine may have given a Eurosceptic edge to recent public pronouncements but within govargue the European case on almost every issue of sub-

The combative Mr Kenneth Clarke likes picking fights with Brussels - just as did with local authorities and trade unions - but his fundamental commitment is not in doubt. But on this issue both Mr Clarke and Mr Heseltine appear ready to see Mr Major fight to the end. It is no accident that they would lead the

betting for the succession in any future leadership crisis. What is less certain is how the pro-Europeans will respond if Mr Major walks over the brink: if enlargement of the Union is seriously delayed. The enthusiasts on the backbenches have so far allowed the sceptics to make the running. Now they are threatening a resumption of hostilities. There might be a happier ending to the present row. Mr Hurd is working on a number of possible compromises which would preserve the substance

of the British suggestion. Much work is being done on a proposal which would hold the blocking minority to 23 votes for contentious social issues while increasing it to 27 votes for less controversial directives. Mr Major would offer such a deal as a guarantee that Britain's opt-out from Maastricht's social chapter could not be circumvented.

The Tory backbenches would cheer him for a day or two. The election posters would declare that here was a leader who battled for Britain.

But Mr Major would not win respect. He is by instinct a Tory of the centre-left. He is a pro-European. But many of his natural supporters are now ready to desert him in any leadership crisis. If it comes to that he will find no refuge with ernment he has continued to new-found friends on the right.

Rover plans Bulgarian production from Rover's plant at Cowley, cial contribution to the ven- six months," said Rover last

By Kevin Done in London and Virginia Marsh in Bucharest

Rover group is aiming to begin assembly of its Maestro car and van range in Bulgaria by the end of the year.

The UK carmaker, a subsidlary of BMW of Germany, said last night that it expected to set up a joint venture company with Bulgarian banks and other local partners within six months.

Rover plans to cease production in the UK of the 11-yearold Maestro, a small family car first launched in 1983, in the

autumn this year. The Maestro assembly line equipment will be shipped

Oxford to a plant at Varna on

the Black Sea. Rover said that the Maestro would be assembled in Bulgaria from CKD (completely knocked down) kits supplied from Cowley.

It is planning to produce up to 10,000 Maestros a year in in both the Maestro and Mone-Bulgaria with a significant share of the output to be exported to other markets in

east Europe. Rover is expected to take a significant minority stake in the joint venture, which would be secured through the provision of the car and the transfer of technology. It would not make any finan-

It is planned that the joint venture would produce both car and van derivatives of the Maestro range and both would be equipped with the 2 litre

tego ranges in the UK. A 12-man team from Rover is currently in Bulgaria investigating the plant in Varna, where the Maestro will be assembled. "We are going to strip out the plant and re-fit the company said last

"We hope to have set up the joint venture company within

ture, the company said last night. "And we hope to start production by the end of the vear." Rover has already established a representative office in Sofia.

> • Dagenham Motors, the south-east of England Ford dealer group, is raising £9.9m through a 2-for-5 rights issue, its first share issue since the company was floated in 1988. The group increased its pre-tax profits by 58 per cent last year to £2.35m (£1.48m) for the year to December 31 ending four years of decline. Before the recession profits peaked at £4m in 1988.

The power to invent the future

processing company, had turned all its bright computer ideas into money, it would be one of the richest and most influen-

Located in the heart of Silicon Valley, California, the Xerox Palo Alto Research Centre (Parc)did the pioneering work for much of today's personal computer technology. This included the first personal computer, graphical user interfaces (the link between the user and the computer) featuring icons and a mouse, laser printers, local area networking and object-oriented computer languages for faster software devel-

Now, two decades after its foundation, Xerox Parc is working on projects that could become as influential as its earlier efforts. But this time, it is determined not to let them slip through its fingers and be

exploited successfully by others.
Under the leadership of Xerox's chief scientist, John Seely Brown, the research centre continues to be a breeding ground of innovative ideas that could change the way people use and interact with computers. Paul Saffo, a research fellow at the Institute for the Future, a technology think-tank in California, says Brown and his colleagues at Xerox Parc are "producing some of

the most innovative ideas around". Xerox likes to be known as "the document company". It might seem strange for a business focused on paper and photocopiers to pioneer computer technologies that have

in 1970 and quickly established a reputation as a hothed of new computing ideas. The company hired experts not only in computers but also in other disciplines such as linguistics, anthropology, psychology and social sciences.

About a third of the 325 researchers have no academic qualifications in computer science or electrical engineering. Xerox Parc owes much of its creativity to its campus-like setting and a very informal atmo-

promised the "paperless office". But personal computer technologies have increased the use of paper: graphical user interfaces make PCs easier to use and cheap laser printers have helped to generate more paper documents than before.

Our mission at Parc is to find novel ways of handling the document," Brown explains. "We recognise that the document is essentially a social artefact."

This has led to technology such as PaperWorks, which can embed computer instructions invisibly within paper documents, thus bridging the gap between paper and elec-

It has also led to the development of advanced computer display screens that have many of the same qualities as paper documents. Xerox Parc's active matrix liquid crystal display screens have very high resolutions, better than laser-printed paper documents

With its partner, AT&T, Xerox Parc is developing commercial versions of the LCD screen in a way that could revitalise the LCD industry in the US and win back market share from Japan.

But it is the acknowledgement that there is a social dimension in the way computers are used that is producing some of the most interesting developments at Xerox Parc. "One of the themes here is how to

use the tremendous advances in computer technologies in a way that will bring simplicity to life and not just keep adding features and complexity that cause people to feel

engineer and president of TV Inter-

active, worked there in the 1970s.

"It was an incredible place. If you

ran into a problem, you could talk

with all kinds of people in different fields. People would walk around

barefoot and work 20 hours per

day. It was a very comfortable

work environment, like working at

overwhelmed," Brown says. To make computers more effective, the user interface must be improved. The best computer interface, as far as Brown and his researchers are concerned, is one of which they are hardly aware.

Last year, Xerox introduced the LiveBoard, an electronic white-board or chalkboard. Linked by telephone lines or a network, people in remote locations can draw and write on the 67in-wide LiveBoard screen during collaborative work essions. "The Liveboard is what I like to call 'shoulder-to-shoulder computing'. I've seen people use it and forget that they are using a computer system," Brown says.

"It is part of our goal to build computer systems that support a distributed workplace, with the same kind of social dynamics that we are used to."

The LiveBoard is part of a con-cept known as ubiquitous computing. It envisages a workplace in hundreds of computers. Some are tiny, like the ParcTab, about the size of a Post-It note, while others are no larger and only slightly thicker than a sheet of paper.

Workers in this office of the future would wander around with a small computer ID hadge. Through infra-red connections, the badge would announce them to all the nearby computer devices in their vicinity. It would not only trigger automatic doors, but also identify users to the computers. During a meeting, for example, an office

More than computer experts

marketing them. But others had lit-

tle trouble in making money out of

ideas born at Xerox Parc. When

Steve Jobs, then head of Apple

Computer, and Apple engineers vis-

ited Xerox Parc in the late 1970s,

they were amazed. They saw work-

stations with graphical user inter-

faces equipped with a mouse. Jobs

is reported to have asked: "Why



ever computer device was nearby to do work, receive messages from colleagues and send out requests for information. This would essentially take the "personal" out of personal

Brown explains that providing information to workers at the right time and "capturing" their knowledge will be of key importance for companies. This is where adaptive learning comes into play. Brown is the founder of the California-based Institute for Research on Learning, which addresses the problems of lifelong learning and how that applies to corporations as well as

"There are 100,000 people at Xerox. Each one of us is learning and inventing every day. If you want to master the enterprise, you have to develop technologies that capture that knowledge in ways that can be used to benefit the

organisation," Brown says. With fast-changing markets and increasing demands for employees

Apple system. The team's work led

Other companies also benefited

from the technology at Xerox Parc.

including laser printer makers like

Hewlett-Packard, and Microsoft

with its Windows graphical user

interface. Xerox Parc staff have

gone on to found their own compa-

nies or direct technology develop

to the Macintosh computer.

to master new skills, the ubiquitous computers become essential tools that create what Brown calls a "knowledgescape". Computers become gateways for tapping an organisation's knowledge base and also adding to it.

Like other computer companies. Xerox Parc is also interested in ever smaller computers. But its focus extends beyond palm-top computers to the molecular level, a science known as nanotechnology. This bor-rows some of the techniques used by makers of silicon chips except that instead of making electrical circuits, microscopic mechanical machines can be constructed.

The key to developing effective manipulate individual atoms and molecules. Xerox Parc researchers claim that with such precise control, it would be possible to build a computer no larger than a sugar cube that would be more powerful than all the world's computers combined. That, however, is still some way off, even for Xerox Parc.

ignovations. It has a venture capital division which helps to set up spin-off companies such as Parc-Place Systems, the developers of the object-oriented SmallTalk lan-

Xerox has also entered into partnerships with other companies - as with its LCD technology - to develop commercial products. It has licensed its technology and formed new divisions, like the Xerox Advanced Office Document Systems division, which is developing commercial products based on its "smart paper" technology.

Legislation drives the innovators

Clive Cookson on optimism among environmental innovators

he environmental technology industry which is growing so rapidly that its sales may exceed world chemicals production by the end of the century - is holding its showcase UK exhibition this week. UK companies lag well behind their competitors from Germany, Japan and the US in the world According to a recent OECD report this market is worth \$200bn (£140bn) a year, with growth projected to between \$300bn and \$600bn by 2000.

Even so, the 300 exhibitors at the ET94 show in Birmingham were in optimistic mood. Many believe that the fledgling UK industry is on the brink of an export breakthrough, with continental Europe the main target. Exhibitors agreed that growth in all sectors of the market air pollution control, water and effluent treatment, and solid waste management – was driven primarily by legislative

"If the UK enforces decent environmental legislation, it gives a great stimulus for us to develop the technology and then use our home market as a base for expansion into Europe." says William Averdieck, managing tirector of Pollution Control & Measurement Europe.
PCME was founded in 1990 with

private funding to commercialise an innovative dust emissions monitor. The monitor works by detecting the transfer of electric charge from dust particles to a probe in the factory chimney. It is particularly suitable for measuring low dust levels in small

There have been two vital ingredients in PCME's success Averdieck says. One was the demand created by the 1990 **Environmental Protection Act** for industrial dust monitors. The other was a grant from the Department of Trade and Industry's Environmental Technology Innovation Scheme to develop the product in collaboration with Imperial College, London, and Johnson Matthey, the metals group. Now PCME's D-Tech dust

monitor has 60 per cent of the UK market for small-stack monitoring equipment and export sales are growing. At ET94 this week, the company launched its first product for the traditional "large stack" market, including power station chimneys. It uses 'optical scintillation" technology to measure dust levels from the variation in a light beam across the chimney.

However, not all the innovations at ET94 came from new companies. Montec, a 20-year-old company bought last year by Northumbrian Water, has developed a monitor for low volumes and flows of liquid effluent.

Bryan Jackson, Montec sales engineer, says this market is driven by the National Rivers Authority's policy of making companies pay to discharge effluents into rivers and fining them for unauthorised discharges

Another feature of ET94 is the number of IJK government agencies that are selling environmental services. They include AEA Technology, the Meteorological Office, Natural Environment Research Council and Adas, the farm advisory and research service.

The latter carried out £42m worth of environmental consultancy last year, according to Chris Stansfield, Adas head of land development. It expects to pick up more business from the Waste Management Licensing Regulations which become law on May 1. They will drive up waste disposal costs and make it more attractive to recycle waste or use it on the land. Colin Rudd, Adas waste

management consultant, says: "It will certainly pay producers to conduct feasibility studies in their waste disposal options now. Four years of Adas tests and evaluations have borne fruit for National Power and PowerGen. These show that gypsum - a mineral produced in large quantities by "flue gas desulphurisation" plants from coal-fired power stations - can be spread on fields to improve the soil, rather than dumped in expensive landfill sites.

While Xerox Parc developed aren't you marketing this?" He had ment at large computer concerns. tting-edge technologies, its par-Xerox has learnt from its misglimpsed the future and began to Peter Redford, an electronics ent group was not very good at takes in not capitalising on its

We have always given travellers



Since the great caravans across the desert. Arabia has always made the traveller welcome Today, aboard Sandia, Saudi Arabian Airlines, your flight begins with the prayer for a safe journey and with cardamom flavoured Arabic



StySales service aboard Sandia coffee and luscious sukuriyah dates from Gassim or Madinah.

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CONTRACTS & TENDERS

Ente per le Nuove Tecnologie, l'Energia e l'Ambiente Agency for New Technologies, Energy and Environment

EXPLORATORY INVESTIGATION FOR THE CHARTER OF A OCEANOGRAPHIC-CARGO VESSEL, ICE CLASS.

Within the framework of the National Programme of Antarctic Research 1991-1996 of the Ministry for Universities and Scientific and Technological Research (law no. 380/91) ENEA plans to charter a suitable equipped vessel, with scientific - oceanographic and cargo capacity. Tentatively, the charter shall be for the September - April period, starting from this year for three years (1994-95, 1995-96,

The vessel shall have the following characteristics:

cargo capability of 2,000-4,000 cu. m. in the holds, for containers, material in bulk, vehicles, components and equipment;
 lifting devices, i. e., winches, cranes and frame cranes (at least one of them should have a lifting capacity of about 35 ton.). The lifting devices should be distributed along the full length of the vessel, in order to service the entire hold;
 helideck capable of handling a Bell 212 helicopter, equipped with fueling and firefighting. It is also necessary that the vessel has hangar or bold space for no. 4 Squirrel AS 350 helicopters and an ISO20 container for spare parts;

accomodation in cabins for about 90 people;

ice class IA Super, according to the R.I.Na. rules, or its equivalent;
 availability of about 250 sq. m. for laboratory use;

availability of about 250 sq. m. for laboratory use,
available space for installing and operating 5 oceanographic winches at the stern, 2 on the port side and 2 on the starboard side;
possibility of installing on the hull, in appropriate locations, electroacoustic and/or optical transducers;
equipment necessary to comply with the requirements of the Antarctic Treaty and the Madrid Protocol on Environmental

Protection in Antarctica.

More information is available in the technical specifications which will be sent on request.

Companies which believe they have one or more vessels having the aforementioned characteristics can send to ENEA their applications in Italian or in English, in order to be invited later to send a technical-financial tender.

The applications shall be sent together with the following documents:

the three following years, the actual availability of the vessel.

- description of the vessel with general characteristics; declaration of the legal representative of the company stating the experience in polar areas, with a list of such experiences;
 declaration of the legal representative of the company, stating that the company has, in the period Sept-April from this year and for

ENEA, after making the selections, will send a draft contract with the detailed procedure of the negotiation and the technical and functional specifications of the vessel, on the base of which the technical-financial tender must be compiled.

Applications shall be sent to arrive by 12.00 a.m. on 13 April 1994 at the following address:

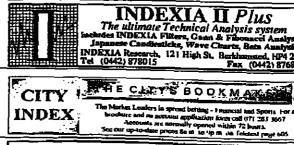
ENEA AFFARI LEGALI E COORDINAMENTO PROCEDURE DI GARA Viale Regina Margherita, 125 - 00198 ROMA

ENEA reserves the right to proceed with the charter of the vessel after the conclusion of the ministerial approval of the funding relative to each Annual Executive Programme. The applications do not obligate ENEA in any way. For more information please contact Mr Umberto Ponzo: telephone 0039-6-30483525, fax number 0039-6-30486458 or 30484893.



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Potential cost of selling it cheap every day

s everyday low pricing the right retailing strategy for the 1990s?

Yesterday's relatively lacklustre UK results from Kingfisher – the Comet, B&Q, Superdrug and Woolworth group - raises a question of growing interest to City analysts and competitors in the retailing industry.

Kingfisher unveiled a jump in 1993 pre-tax profits from £205m. before exceptional items, to £309.3m - apparently a strong performance. But much of the gain came from last year's £1bn acquisition of French electrical retailer Darty, without which earnings growth since 1990 would have been unexciting.
The blame in some quarters

is being put on the strategy promoted by Sir Geoffrey Mulcahy, Kingfisher chairman, of cutting prices, which has resulted in lower margins but disappointing volume growth. Sir Geoffrey, however, is adamant that the approach is sound, but that it needs time.

"The combination of a shift away from promotions and sales to everyday low pricing, stronger merchandise ranges and significantly improved custom service generally resulted in promising increases in like-for-like sales," he insists.

Everyday low pricing dates back to the start of modern retailing last century, to Woolworth's "Five and dime" stores in the US or Marks and Spencer's penny bazaars in the UK. There have always been "discount" retailers concentrating not on high margins, but on selling large volumes of goods as cheaply as possible.

What refocused attention on the potential of that approach in the late 1980s – especially in the US - was the huge success of discount chains such as Wal-Mart and Kmart, and other new formats such as warehouse clubs, or "category killers" like Tovs R Us. whose central

philosophy is KDLP.
The theory is that in chains which tightly control costs, lower prices should increase volum and market share, generating increased profits and baying

DOES THAT MEAN THEY ALWAYS) HAVE A SALE ON OR THEY NEVER HAVE A SALE ON?

also point to the apparent success

One example is Marks and Spencer, which has not referred

adopted an EDLP approach. Its "Outstanding Value" campaign,

launched in autumn 1992, froze

products, and reduced the price

significant increase in volumes, attested to by M&S suppliers, and

a 21 per cent increase in profits

in the latest half-year to 2308m.

Moving to permanently low

recovery of the Asda and Gateway

grocery chains, after both ran into difficulties in the early 1990s.

Asda was reported last week to

to EDLP with a call to its

suppliers to move away from

consistently lower prices.
Yet, strangely, a limited move to EDLP does not seem to have

worked at the UK's biggest groce J Sainsbury, which indefinitely cut the price of 300 own-label

products accounting for 10 per

cent of sales last October. The

a 0.4 per cent drop in gross

margin and a 1 per cent

underlying fall in sales.

Sainsbury's move, like

marketing.

strategy."

Analysts suggest that

result, revealed in January, was

Kingfisher's, suffered from poor

Yet both ran higher-profile

"I am still convinced EDLP will

play a major role in UK retailing

Hyman, director of retail research group Verdict. "Kingfisher has

introducing it into its corporate

Whether or not such predictions

come true, it is already clear that

simply cutting prices may not

through the doors. Getting the

hring customers streaming

range of products and custon

service right, and effectively

communicating the message to

consumers, are an integral part

campaigns than Marks and

in the 1990s," says Richard

taken an important step in

periodic discounts towards

be strengthening its commitment

pricing has been central to the

the price of 75 per cent of its

The campaign brought a

to it as such, but which some

analysis argue has effectively

of KDLP elsewhere.

of the remainder.



power which can be used to cut prices further – the so-called "virtuous circle".

Other retailers experimented with a consistently low-price stance. The shift to EDLP was given further impetus in the US when the consumer goods giant Procter & Gamble decided in 1991 to adopt an KDLP approach in supplying retailers, ending "trade allowances" - periodic discounts to retailers to allow them promote brands at lower prices.

By mid-1992, one US survey found six out of 10 packaged-goods manufacturers and almost half of all retailers had implemented or tested EDLP.

Now EDLP, value pricing, or "investing in margin", are becoming buzzwords among UK retailers - partly in reaction to the recent influx of US and continental European discount formats.

Kingfisher has been the most vocal proponent, although Sir Geoffrey's EDLP campaign kicked off in earnest only a year ago, with the introduction of permanently reduced "key lines" in his chains. Some retail experts support his claim that it is too

early to judge the results. to pick up the low-price message on high-ticket products purchased only infrequently - such as those in Kingfisher's B&Q DIY chain or Comet electrical chain. Critics counter that the results

of KDLP should have been seen more quickly in lower-ticket chains such as Woolworth. They

he world has changed. We used to market to pharmacists, physicians and hospitals. Now it will be governments and companies. We must do more than show that a drug is safe and works. We must demonstrate it has a good economic outcome."

These are the words of Jan Leschly, incoming chief executive of Anglo-US drugs company Smith-Kline Beecham, at last month's annual results presentation. He was outlining an important transformation in drugs company marketing: the recruitment of economists.

The world's drugs companies spend at least \$60hn (£34.2bn) a year on sales and marketing, according to analysis by the stockbroker Lehman Brothers. The figure represents about one-quarter of their total sales revenue and more than twice as much as they devote to research and development.

The money is devoured by fleets of sales executives - big names such as Merck, Glaxo and Pfizer have more than 1,000 in the US alone - as well as by large budgets to advertise in medical journals.

Making money in pharmaceuti-cals has long been about persuading doctors to give up the tried and tested in favour of something new. But that is not enough any longer. Government healthcare reforms around the world, designed to tighten controls on spending, have already cut drug prices in Japan and sales in Europe. Some drugs are no longer available on national health services. Others have had price cuts imposed.

In the US, the world's biggest market with about one-third of global sales, the pharmaceutical industry is not only learning to cope with deal-minded hospital chains and insurance companies, it is bracing itself for the Clinton administration's reforms.

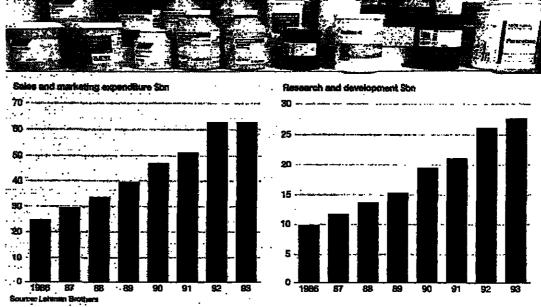
Drug companies have concluded that they need to convince the organisations which pay – governments, employers or insurance companies - that a particular drug offers good financial value.

Sandoz, the Swiss company, for example, has formed a core group of three economists at its Basel headquarters and several more are employed in subsidiaries outside Switzerland. They write studies on the economics of different courses of treatment. Sandoz publishes some of them, others are submitted to learned journals.

The pharmaceuticals industry is being increasingly forced to use the tools of health economics," says Bill Fulliger, head of corporate market-

"Buyers increasingly require a demonstration of value for money. It is not public relations, [it is applicable] anywhere there is a competing demand for health sector funds such as [a decision between] a hip

World drug industry



Economists in the salesforce

Drugs companies are focusing their sales efforts on the financial implications of treatments, says Daniel Green

operation or a kidney transplant," to be, and in the selling process

Fulliger argues that the work has already helped to persuade many healthcare buyers that a kidney transplant, for instance, is cheaper than kidney dialysis when costs are compared over the longer term. Sales of the company's drug Sandimmun, which cuts the chances of a new kidney being rejected, are worth more than SFr1.1bn (£500m) a year. It is now the company's biggest selling product.

Glaxo, Europe's biggest drugs company, is using pharmacoecon-omists slightly differently. It first employed them in the US in 1989 and the idea is now being transplanted to Europe. The company currently employs about 50 people in the field.

The Glaxo pharmacoeconomists are part of its R&D function: last year the company split R&D into basic research and "commercial development".

The economists work in both groups and the results are used to determine how "sellable" to payers a drug under development is likely

Glaxo says its economists are not trying to measure human health in cash terms. Greg Boyer, a pharmacoeconomist on secondment from Glaxo in the US to the UK operation, talks of persuading governments of the cost benefit and of "the value to society" of a new drug.
"We want to be sure that we don't

limit ourselves to pounds and dollars. We want to study the whole patient outcome, to capture patients' ability to do productive work," says Boyer. This would mean examining the economic benefit to a society of using drugs. Would, for example, the sick-pay bill be reduced, as well as the more direct costs of nursing?

involving the effect of drug prescribing on society as a whole is an ambitious goal and not one to which buyers are necessarily sympathetic. Governments such as Australia's, which requires an economic analysis of a drug as well as clinical data to be submitted for approval, exclude reference to the benefits for

to allow that kind of information to get to the negotiating table," says Boyer. It is easier to look at the bottom line of a hospital pharmaceuticals budget than the cost to a country of a treatment, he says, This has not stopped SmithKline 5

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ve

Beecham going down the same route. Bob Demarinis, head of outcome research and pharmacoecon-omics at SmithKline's Beecham's Pennsylvania offices, says evaluating the widest possible economic impact is an essential part of his work. His team of eight people works at all stages from R&D through to the commercialisation of

Healthcare buyers increasingly demand to know what the effect on their overall finances will be when they opt for one drug or another, he

SmithKline Beecham is recruiting more pharmacoeconomists where it can find them. The task is not easy: at least one other large pharmaceuticals company admits that the shortage of qualified people is such that it has to train them inhouse.



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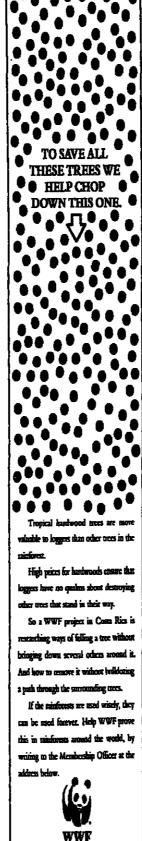
EURO-CERTIFICATES OF DEPOSIT PROGRAMME

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January 1994



World Wide Fund For Nature



Pentos has had a rough time of things lately; no signs of fair weather in the offing yet either, as Frank Brazier, 50, chief executive of Dillons, the bookstore chain, yesterday abruptly cleared his desk and departed from the Pentos board and the belm of Dillons after spending 11 years with

the company.

Bill McGrath, Pentos' chief executive, was unavailable for comment on Brazier's resignation, though his going will inevitably be seen in the context of Pentos' recent financial and structural difficulties, which some close to the company describe as a "horrible mess". McGrath formally took over as chief executive at the beginning of this year.

Analysts are forecasting significant group losses for the current year's trading, following exceptional charges likely to be near the £30m mark.

Having paid £3.7m for 53 Ryman Computer Stores two years ago, Pentos sold off the chain for £100,000 at the beginning of this year to People's Phone. Some of the group's 172 Athena poster shops are believed to be on the market. Group debts peaked at £86m hefore Christmas.

Strapped for cash, Pentos is imminently expected to announce a rights issue in order to fill a black hole which some expect to be as high as

£65m in total losses this year. Back in February the group was ticked off by the Financial Reporting Review Panel for failing sufficiently to disclose the level reverse premiums on its shop leases - the payments made by landlords to attract key tenants - contributed to 1992 profits.

Turning the pages of Pentos' recent fortunes has not, therefore, been a happy experience, and recovery will not be easy. Evidently McGrath has thought it time to act, and to address Dillons' problems at a senior level, Paul Hogarth, 51, has been brought back to be operations director from a similar role with another part of the group, the Ryman statio-

Meanwhile, Brazier's succes sor is to be Joe Sinyor, 36, former chief executive of the clothing company Pepe Group between 1990 and 1992. Sinyor's title will be managing director at Dillons; he will have his feet under the table by the end of March. His strategic expertise will come in handy at Dillons, where control over inventory levels and management information systems is regarded as

having gone rather awry.

Bodies politic

Training mediators as well as coping with such hands-on jobs as sorting out a dispute between a minister and his church elders are among the challenges facing David Richbell in his new job as director of training at the Centre for Dispute Resolution.

It is a job that 50-year-old Richbell, a lay preacher and fully accredited CEDR mediator, says he will find deeply satisfying. "Mediation fulfils my belief in reconciliation and peacemaking," he says. "I am extremely unhappy with the adversarial legal system as this polarises people into more entrenched roles."

CEDR is much smaller than Acas, the advisory, arbitration, and conciliation service which is financially backed by the government. Rather, CEDR is an independent, non-profit making organisation, backed by a number of bodies including the Confederation of British Industry. Richbell says CEDR can handle any kind of mediation between parties in dispute, except criminal cases.

■ Sir Brian Pearse, about to retire as chief executive of Midland Bank, has been appointed chairman of

BRITISH INVISIBLES. 🖴 Ron Adams, a former marketing and sales director at Cookson Group, has been the BRITISH CERAMIC PLANT & MACHINERY MANUFACTURERS'

ASSOCIATION. ■ Ken Hairs, general manager of Continental UK, has been appointed president of the GRAIN AND FEED TRADE ASSOCIATION.

■ Paul Preston, president and ceo of McDonald's Restaurants in the UK, has been appointed chairman of the EMPLOYERS' FORUM ON DISABILITY. Barry MacDonald, formerly finance director of Reuters Television, has been appointed director of finance at the

SPASTICS SOCIETY. ■ Rupert Nabarro, md of Investment Property Databank, has joined the board and Peter Long, formerly a project director with Arlington Securities, has been appointed property director of the BLACK COUNTRY

DEVELOPMENT CORPORATION. ■ Robert Peel, chief executive and deputy chairman of Mount Charlotte Investments, has been appointed president of the BRITISH ASSOCIATION OF HOTEL ACCOUNTANTS. ■ Sir John Egan, chief executive of BAA, has been appointed to the board of the BRITISH TOURIST

■ Richard Close, md finance of the Post Office, has been appointed chairman of the board for Chartered Accountants in Business of the ICAEW.

AUTHORITY.

■ David Russell, formerly chief executive of Coats Industrial, has been appointed chief executive of SCOTLAND IN EUROPE on the retirement

Electronic ■ Tom Butler, md of EDS-Scicon; Barry Dennis director general of the National switches Association of Waste Disposal Contractors; Hugh Morison, director-general of the Scotch Whisky Association; Ernest Why should a former chief secretary and deputy governor

Murray, director of advances of the Turks & Caicos Islands, one of the UK's few remaining and credit policy, TSB; David Parker, director general of the UK Petroleum Industry dependent territories, have heard of Kapiti? And what Association; Brian Venables, made him take the post of company secretary of the human resources director with Electricity Association; and one of the UK's more outland-David Vicary, chairman of the ishly named financial systems Chamber of Coal Traders, have suppliers? been appointed members of the The answer is that Mark For-CBI's national council. rester, now 49, has had a broad ■ Richard McLaughlin, a and varied career including former director of Wimpey spells as private secretary to Group and chairman of both Sir Edward Heath and Lord Wilson and head of per-

Wimpol and Wimpey Environmental, has been appointed director and general manager of BSI Quality Assurance, the certification arm of the BRITISH STANDARDS INSTITUTION. Robert Hillier (below), md of Hillier's Nurseries, has been appointed chairman of HAMPSHIRE Tec.

> international operations. Educated at the Royal Grammar School, High Wycombe, of his life in Whitehall, eventually moving into the establishment arm of the Civil Service and taking responsibility for personnel budgeting, training and pay negotiation. He joined the banking world

in time to enjoy the City's Big Bang and its consequences and in 1992 took on a contract as head of administration for the Turks & Caicos Islands.

BALTIC SEA

sonnel for Paribas Capital mar-

kets group. He learned about Kapiti, a private company with

New Zealand connections and

turnover to end 1992 of £24.3m.

through spells with banking

groups including County Bank,

the merchant banking subsid-

lary of National Westminster.

His experiences abroad qualify

him to help Kapiti expand its

responsible for 1,200 civil servants and 13,000 islanders.

He claims not to miss Grand Turk, six square miles of the West (ndies that was his home for two years. The nearest he gets to it these days is Kapiti's Slough headquarters, incongruously named Key West.

Ben Maddocks, 45, who joined Kapiti at the same time as marketing director, also has Caribbean connections. For a spell he worked in Bermuda with American International, the bellwether among property and casualty insurers. His background, however, is

not in insurance but in chemistry and physiology. Educated at the University of Aston in Birmingham, he explains that an understanding of physiological processes is an excellent preparation for business process re-engineering and other transformations undergone by corporate bodies as well as liv-He learned financial manage-

ment with Burroughs Corporation and the Legal & General group where he reckons to have been one of the first in the insurance industry to introduce standard costing techniques - commonplace these days, but revolutionary in the 1970s.

After American International in Bermuda he worked with management consultants Touche Ross in Toronto and Price Waterhouse in the UK. His most recent role has been as managing director of

Camsco in London, a subsidiary of Creditanstalt-Bankverein, the Austrian banking

Papla

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<u>ESTONIA</u>

LATVIA

TALLINN

group. Camson provides organ isational and information technology services to the bank's international network.

A disagreement over strategy with the management of Creditanstalt led to him joining Kapiti in February this

The company was a pioneer of integrated banking packages in the 1970s and has continued to innovate in financial packages, including programs that operate in Japanese, Arabic and Cyrillic languages. Maddocks sees his role as interpreting the demand of the marketplace and ensuring they are

David Osborne, formerly director travel services at AT&T istel, has been appointed head of marketing at GALILEO UK. ■ Brian Boswell, former group finance director of Wheway, has been appointed finance director of MR-DATA MANAGEMENT GROUP. Vic Morris, founder of Software Generation, has been appointed and of POWERSOFT'S European operations; he moves from

I.BMS Wavne Morrison has been appointed UK md of GE Information Services. ■ Steve Newbould, formerly director of marketing at Imperial College, has been appointed marketing director of MERCURY PAGING. ■ Chris Cooper has been promoted to md of **IDHAMMAR MANAGEMENT**

▶ 315 km St.Petersburg

CONTRACTS & TENDERS



ESTONIA

International Tender for the sale of

INDUSTRIAL ENTERPRISES

by the Estonian Privatization Agency

Enterprise number, name, location (in brackets: type of business [capacity p. a. if available], Iturnover of 1993 in EKK (Estonian Kroons) if available]/number of employees end 1993)



(EE-060) RAS Narva Leib EE2000 Narva (Bread [16,200 tons], pastry [1,080 tons], biscuits [400 tons], toffee candies [300 tons], [23 million EEK]/206)

(EE-063) RAS Haapsalu Leivatehas EE3170 Haapsalu (Bread and bakery products [1.596] tons], pastry [30 tons], [7 million EEK]/

(EE-064) RAS Cibus EE3600 Pāmu (Bread [10,800 tons], pastry [430 tons], [37 million EEK]/175)

(EE-066) RE Kuressaare Leivakombinaat EE3300 Kuressaare (Bread [3,747 tons], pastry [85 tons], [20 million EEK] 97)

(EE-075) RAS Tamsalu TERKO EE2300 Tamsalu (Concentrated fodder [281,000 tons), wheat flour (68,000 tons), bran [9.500 tons]. poultry farming [300,000 chicken, 31 million eggs], egg powder, grainstorage [17,000 tons]/458)

(EE-076) RAS Keila TERKO EE3053 Keila (Concentrated fodder [160,000 tons], wheat flour [64,000 tons]. grits/260)

WOOD AND WOOD PROCESSING

(Production capacity [S-sawn timber, L-logs])

(EE-141) RAS Tarmeko EE2400 Tartu (Timber logging, sawn timber [\$ 65,000 cbm, L 100,000 cbm], furniture, other wood products (98 million EEK]:1233)

(EE-145) RAS Virumaa Metsatööstuskombinaat EE2100 Rakvere (Wood trading , sawn timber (\$ 36,000 cbm, L 80,000 cbm], wood products, kitchen furniture/369)

(EE-151) RAS Tarmel EE0100 Tallinn (Sawn timber, wooden shields, plywood, doors, windows, wooden containers, timber pedestals, beds, fumiture, table tennis tables, other wood products, [22 million EEK]/346)

(EE-152) RAS Viisnurk

EE3600 Pärnu (Skis [250,000 pairs], fiber board [1.9 million sqm], furniture, wooden household articles, plastic parts for furniture, [78 million EEK]/830)

(EE-154) RAS Püssi Puitlaastolaadikombinaat EE2041 Püssi

(Fiber board [15.2 million sqm], chipboard [140,000 cbm], laminated fiber board [4 million sqm], [76 million EEKI/

(EE-409) RAS Jogeva Metsamajand EE2350 Kurista (Timber logging, sawn and planed timber [\$ 2,500 cbm, L 20,000 cbm], other wood products/100)

(EE-412) RAS Läänemaa Metsamajand EE3170 Haapsalu (Sawn timber and logs [S 4,000 cbm, L 8,000 cbm], other wood products, (3.2 Million EEK]/80)

(EE-414) RAS Pāmu Metsamajand EE3600 Pāmu (Logs, sawn timber (\$ 2,000 cbm, L 3,600 cbm], garden houses, other

wood products/75) (EE-415) RAS Rakvere Metsamajand EE2100 Rakvere (Timber logging, sawn and planed timber [\$ 3,000 cbm, L 15,000 cbm],

other wood products/120) (EE-416) RAS Rapla Metsamajand EE3500 Rapla (Wood trading, sawn timber [\$ 2,000 cbm, L 10,000 cbm], other

wood products/34) (EE-417) RAS Räpina Metsamajand EE2611 Ristipalo (Wood trading, sawn timber [S 8,000 cbm, L 23,000 cbm], furniture,

wooden houses, saunas, structural

timber, other wood products/186) (EE-421) RAS Tartu Metsamajand EE2400 Tartu (Timber logging, sawn timber [\$ 3,500 cbm, L 20,000 cbm], wooden construction components, ather wood

(EE-425) RAS Voru Metsamajand EE2720 Somerpalu (Wood trading, sawn timber [\$ 4,000 cbm, L 13,000 cbm], other wood products/87)

products/108)

TEXTILES / CLOTHING

(EE-170) RAS Walko EE2500 Valga (Men's and women's wear, children's clothes, uniforms, working clothes and sportswear, clothes of artificial fur. underwear [total 1.6 million pcs],

[30 million EEK]/675) CONSTRUCTION : BUILDING MATERIALS

(EE-298) RAS Elamu EE0107 Tallinn (Pre-cast concrete, construction of panel houses, structural metal products [pre-cast parts 200,000 cbm], [29 million EEK]/392)

(EE-301) RAS Eesti Vesiehitus EE0017 Tallinn (Hydrotechnical construction [18 million EEK]/274)

ELECTRICAL

(EE-128) RAS Volta EE0110 Tallinn (Electrical motors for alternating current [100,000 pcs], [35 million EEK]/968)

(EE-136) RAS Tarkon EE2400 Tartu (Measuring devices for airplanes and airports, electrical measuring devices, components for radios and tv-sets [37 million EEKV1,150)

(EE-239) RAS MRE (Meditsiintehnika Remondi Etteváte) EE0001Tallinn

(Installation and service of medical equipment [4 million EEK]/106) (EE-498) RAS Tallinna **Farmaatsiatehas**

EE0013 Tallinn

(Packaged medicaments

(100 million pcs], (40 million EKK)/205) MISCELLANEOUS INDUSTRY

(EE-036) RAS Oru EE2020 Kohtla-Järve (Peat [500,000 tons], [8 million EEK]/

(EE-139) RE Juveel EE0006 Tallinn (Gold and silver jewelry [650,000 pcs], silver tableware [600,000 pcs], tableware of white copper [60,000 pcs], minting of coins, (37 million EEKly401)

(EE-216) RAS Mainor

Closing date:

EE0100Tallinn (Computer software consultation, data processing, data bases, other computer related activities, market researches, business and management consultations (14 million EEKI/134)

(EE-296) RAS Balti Baas EE0017 Tallinn (Harbor services, shiprepair services, [6 million EEK]/118)

(EE-297) RAS Evamet EE0200 Narva (Metal parts, cast iron parts [3 million EEKV317)

(EE-340) RAS Rongu Tehas EE2452 Rongu (Plastic boxes [323,000 pcs], concentrated juice [52,000 litres], galvanized steel plates [10 million EEK]/100)

(EE-486) Assets of RAS Spordilaevade Eksperimentaaltehas (rented) EE0110 Tallinn (Motor yachts and sailing boats [800 pcs], [2 million EEK]/47)

AUTOMOTIVE SERVICES

(EE-462) RAS Koeru Autoremonditehas EE2824 Koeru (Car service, painting of cars, car seats and upholstery [3 million EEK]/86)

(EE-501) RAS Autoteenindus EE0016 Tallinn (Service and sales of cars, [3 million EEK1/208)

(EE-504) RAS Pāmu Autoteenindus EE3600 Pāmu (Service and sales of cars, spare parts and accessories [1 million EEK]/34)

(EE-514) RAS Tartu Autoteenindus EE2400 Tartu (Service and sales of cars [1.6 million EEKV61)

TRANSPORTATION

(EE-225) RAS Paliasti Autobaas EE0014 Tallinn (Transport, parking lot, retail sale of fuel and spare parts [5 million EEK]/131)

(EE-443) RAŞ Viljandi Autobaas EE2900 Villandi (Transportation of goods: 20 % international [10 million EEK]/207)

(EE-447) RAS Narva Autobaas EE2000 Narva

(Transportation of goods: 33 % international, heavy transports [17 million EEK]/420)

(EE-456) RAS Mootor EE0014 Tallinn (International and domestic bus transportation [250 buses], [35 million EEK]/

FUEL STORAGE DEPOTS

(Wholesale and storage of solid fuel, gasoline, diesel fuel, lubricating oils, heating oil and other oil products)

(EE-530) Hiiumaa Station of RE Eesti Kütus EE3200 Kārdia (39 tanks totalling 11,300 cbm. [13 million EEK]/20)

(EE-531) Järvamaa Station of RE Eesti Kütus EE2820 Paide (43 tanks totalling 3,000 cbm, [13 million EEK]/16)

(EE-532) Kohtla-Järve Station of RE Eesti Kütus EE2020 Kohtla-Järve (11 tanks totalling 10,000 cbm. [15 million EEK]\(\vec{1}8\)

(EE-533)Narva Station of RE Eesti Kütus EE0200 Narva (37 tanks totalling 16,000 cbm, [16 million EEK]/25)

(EE-534) Viljandi Station of RE Eesti Küstus EF2900 Villandi (46 tanks totalling 13,000 cbm, [28 million EEK]/35)

WHOLESALE AND RETAIL

(EE-243) RAS Kommer EE0030 Maardu (Wholesale, retail and second-hand trading (57 million EEK]/212)

(EE-245) RAS Tameks EE0014 Tallinn (Wholesale of office items, paper articles, photo articles, radios, clocks, sports articles, spare parts, toys, other goods [8 million EEKI/45]

(EE-256) RAS Eesti Masinakaubandus EE0030 Maardu (Wholesale of machinery, equipment and spare parts [19 million EEK]/49)

Tender Conditions

1. In accordance with its legal mandato, Easti amisagentuur (Estonian Privatization Agency TPA's intends to sell the attrementioned enterprises by means of a tender in the following man-

 a) bids for a state owned joint stock company (organized as "RAS" under Estonian law) must befor the majority of the shares of the company. EPA may reserve a minority of the shares of the company for future public offering of shares; b) bids for a state owned enterprise (organized as "RE" under Estonian law) must be for its total

c) bids for a plant must be for its total assets (e.g. buildings, leasehold, equipment and inventory), with inventory finally to be valued as of the time

d) bids for assets or parts of an enterprise must be for a separable unit of a RAS, RE or plant, with inventory finally to be valued as of the time of

2. The tender is public and anyone may bid. Legal entities in which the State of the Republic of Estonia or the Municipalities of the State of Estonia Estonia or the Municipanies of the control of the or their enterprise own one third or more of the sharecapital or of the voting rights may not bid. 3. In deciding among the bids. EPA will take into consideration, among other things, the lod price, promises to maintain or create jobs, pledges to invest, and the business plan submitted, each of which will be considered part ut the box, Upon

required to post a bond in order to guarantee these 4. Interested parties can obtain enterprise and plant les without charge from EPA. EPA is not esponsible for the accuracy and comthis information. Prospective bidders will receive written authorization from EPA to visit the ente prises or plants on the basis of which additional information will then be provided by the enterprise

or plant manage 5. Bids must be in writing and should be submitted in a sealed envelope marked only with the name of the enterprise or plant for which the bid is submit-

6. Bids must be received at EPA, Rāvala 6, EGO 105 Tallinn, Estonia. no later than 2:00 p. m. (local time), on May 26, 1994 (the "closing date"). Bids will thereafter be opened immediately. Bids must be denominated in Estonian Knoon (EEK) or Deutsche Mark (DM), and shall remain valid for one hundred and twenty (120) days after the

 Bids must be accompanied by a bond of five (5) percent of the bid price in the form of an irrevocable bank guarantee valid for one hundred and twenty (120) days after the closing date. The bid bond must be payable on first demand and will be forfeited if the bidder either latis to hold its bid open for the required penod or refusos to sign a contract in accordance with its bid.

8. EPA will decide on the bids within one hundred and twenty (120) days after the closing date. Bidders may present their bid within a period set by EPA. EPA is entitled to accept a bid other than that with the highest purchase price or may rejuct any of the blds at any time.

9. The privatization of the tendered enterprises will be carried out according to applicable Estorian

EPA (Estoni: Välno Samet Dr. H. B. Schovidt Chief Consultant General Director Office hours for the EPA are Monday through Friday from 9 a.m. until 4 p.m. (local time).

For further information (enterprise profile, data on Estonia, visit authorization) please contact:

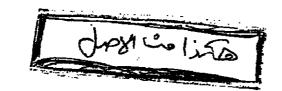


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lightbulb thought occurred to me on Tuesday morning, as I consumed two pieces of toast and a cup of tea in the company of Steven Spielberg. Tom Hanks and Holly Hunter. Europe first watches the Oscars over breakfast and surely sees this spree in truer light than any other population on the planet. It is not about art or entertainment or even industry. It is about family: with implications for western civilisation that we shall come to shortly.

The world's most high-visibility exercise in self-congratulation has all the innocence, though lit to blinding wattage, of a family gathered round the morning cornflakes tearing open Junior's school report, Daddy's letter of promotion and Mummy's pregnancy-test result. And this family - the Hollywoods At Home - has another common family trait: keep-out exclusiveness trying to turn itself into come-in

warmth.

I think I twigged to this during Master Spielberg's acceptance speech. Holding high his first ever statuette, the bearded wonderperson said something about "the six million people who can't be watching this tonicht" For the process. ing this tonight." For one nanosec-ond, it was as if Tinseltown really thought that the world - not just all its countries, but all its lost generations - might be curable by this annual riot of messianic togetherness: in which each year, around Resurrection-time on the Christian calendar, a whole lot of industry parents, children, uncles, aunts and cousins troop along, each bearing his or her emotive constituency of thanks and good causes. Can you leave your handkerchief untouched at so much good will?

Master Hanks, winning for Philadelphia and possibly auditioning for Philadelphia 2, spoke up tearfully for Aids victims. Master Spielberg said it for the absent friends of Jewish history. Auntie Holly (Hunter) loquaciously represented the world's mutes, winning Best Act-ress for her wordless role in The Piano. And Grandpa Paul Newman was presented with a lifetime good causes award, gaining a special statuette for giving away \$80 million dollars' revenue from salad dress-

Each member of the Hollywood clan had prepared his or her partypiece for the underprivileged, as the atmosphere got more Dickensian by the minute. In this orgy of PC and goodwill, there were only two per-sons slightly letting the side down. One was hostess Whoopi Goldberg. who aimed a mocking quip at her own multiple-threat ethnicity (black, Jewish ...) plus humanitarian record (see Sister Act 2 below). The other was Uncle Tommy Lee Jones, who in protesting that he was not really bald might have been seen as reinforcing prejudice against the trichologically chal-

Never mind: the evening's mixture of good causes and family feeling was clinched by Miss Anna

A dancing in Hot Shoe Shuffle ("The New Tap Musical") is slick, athletic,

high-voltage, strenuous, and utterly

devoid of the spontaneity that true

tan is all about. As for the singing,

the absence of spontaneity is nearer

100 per cent. All-singing, all-

dancing. Hot Shoe Shuffle comes to

us from Australia, where it was a

wow. Judging by the reaction of the

first-night audience here (Austral-

ians thick on the ground), it may

wow London It is not, however,

The beauties of tap lie in the plen-

itude of rhythm, in the surprise of

syncopation, in the elegant phras-

ing with which dense clusters of

steps are threaded into a larger flu-

ency, in the contrast between those

busy feet and the slower changes of

shape shown by the calmly informal

upper body, and in the casual jazz



Gathering of the clan: Oscar winners Tom Hanks, Anna Paquin, Holly Hunter and Tommy Lee Jones, left; Steven Spielberg, right

Cinema/Nigel Andrews

At home with the Hollywood family

little Laura/Megan/Tracy going up to get her acting prize on Founder's Day. She advanced to the platform, opened her mouth and no words came out. She stood there making gasping motions like a distressed guppy, though on a second viewing it started to look a little rehearsed. Perhaps she had been deputed to deliver the "mute" speech that Auntie Holly, who as Best Actress had to say something and say it good, could not get away with.

It is sometimes said that the Oscars are decrepit, démodé, de-everything else you can think of. But I suspect that they are on the up and up: that given time they will take over the western world's Ideal Family franchise, now that our own dear dynasty has been shot down by the tabloids and its own self-destruct instincts.

With Hollywood fast becoming

brilliance whereby everything seems to be improvised. The tap of

Hot Shoe Shuffle is tense, forceful,

Jug" danced by a male foursome)

has any real choreographic interest.

Elsewhere there are one or two

good steps (notably a kind of thun-

dering stag sissonne in Slap's solo).

a too-brief solo for Slide (Adam Gar-

cia, the only relaxed dancer onstage), a clever use of six men

crossing the stage like a chain

(dropping or collecting a soloist as they pass) - and acres of bashing,

hard-and-fast, highly amplified for-

Though Hot Shoe Shuffle may

Only one dance ("Little Brown

metrically bland.

chew for this one. The diminutive to be or to try to be. It gives us a thespian behaved just like your own little Laura/Megan/Tracy going up to be or to try to be. It gives us a giant mutual-help family. Woe betide, if it has not already betid, anyone who brings cynicism to the gathering. And lest you think I am fully armed with irony, let me say that this viewer too shed a tear during Hanks's speech. There are times when the line between real goodness and showbiz goodness becomes terrifyingly blurred and we all get

> he game of Hollywood Happy Families, incorporating Hollywood One-Worldism, does not stop at Oscar night. Sequelitis is a variation on the same phenomenon. Look, if you can bear to, at Sister Act 2 and Beethoven's 2nd. In the first Miss Goldberg is back in nun's habit, pouring good deeds over a closure-threatened San Francisco high school. Can she teach the brats

seem to be about tap dance, it isn't.

Written by Larry Buttrose and Kathryn Riding, set in New York,

it's about showbiz, standard Amer-

ican showbiz, where backstage

problems abound but are ironed out

as The Show Goes On in a golden

haze of dreams coming true. I can

be as susceptible as the next man to

this hackneyed story, as long as it

reveals some real human freshness.

But Hot Shoe Shuffle milks every

cliché with a complete lack of irony.

Can the Seven Brothers Tap and

their newfound full-grown sister

April get this show on the road?

"We've only got four weeks!" "Tal-

ent's cheap - anyone can have tal-

ent. Slick is Sweat."

OSCARS '94 SISTER ACT 2 (PG)

Bill Duke

BEETHOVEN'S 2nd (U) Rod Daniel

> **DAENS (15)** Stijn Coninx

causing Mother Superior Maggie Smith to weep into her wimple and wicked school administrator James Coburn to gnash \$5000 worth of Beverly Hills bridgework.

The film (awful) is upstaged by the publicity hand-out, even in the area of good deeds. Miss Goldberg in her blog is cited for her "tireless humanitarian efforts on behalf of children, the homeless, human

tap like them. She leaves. Then

they realise that without her they

can't win the millions of dollars

bequeathed to them by their father

in his will. So they bring her back -

she was just hanging around on the nearest park bench - and they train

her. Then they find there is no

money to inherit, and that the creep

who has been rehearsing them so

unpleasantly is actually their

father. Never mind; as April says,

"We've got something much more

All of which could be funny and

even touching if it were performed

valuable than money. We're a fam-

ily." And the Show Goes On.

Theatre/Alastair Macaulay

All tap and no go in 'Hot Shoe Shuffle'

itself. For Las Vegas showgirl undergoing short-lease metamorphosis as convent sister, read the population of Tinseltown turning each Easter into a pan-global spiri-tual support system.

That sequels themselves are man-ifestations of a deep-rooted family

instinct - they used, you recall, to be called "Son Of Such-and-Such" is basic psycho-cultural diagnosis. What is more reassuring to Movieland's natriarchs and matriarchs than the patter of tiny spin-offs around the house? Beethoven's 2nd gives us not just an addition to this movie family but a two-family storyline within itself. One is human: Charles Grodin and his twoup-two-down nuclear foursome living in springcleaned suburbia. The other is canine. Beethoven the St Bernard and his new love and their

litter of ooh-aah pups.

required to act out, in the Sister Act films, a very parable of Oscar night itself. For Las Vegas showgirl and ladlefuls of sentimentality. But

Paquin (aged 11), winning Best Supporting Actress for *The Piano*. I confess I stopped right in mid-toast-

amusing that they were stuck in a

story that has happened so often

before. But no. Very energetically,

these Australians conform to the

most insincere and least witty norm

of showbiz style. Which is also the

way they sing and dance.
As April, Rhonda Burchmore (5ft

llins without her heels) has the

main singing role. She puts over

"Long Ago and Far Away", "How Lucky Can You Get", "Birth of the

Blues" with brassy panache, no musical individuality, and a boxy,

worn voice that makes her sound 20

years older than the 30-something I

presume she is. The evening's most

The brothers are mean to April, as if all this were happening for the who is taller than them, and can't first time; or as if they found it

in Familyland you must take the syrupy-smooth with the exhilaratingly rough. When togetherness does not come out fighting it tends just to sit there, wearing a gooey smile in the sun and getting stickier and stickier.

We all deserve one non-Hollywood experience this week, but we wish it had not been Daens. As Belgian films about the late-19th century Flemish trade union movement go, this one portentously dawdles. One "Up the workers" set-piece follows another, with the street fights scored for inspirational music (out of Hoffa by FIST) being marginally preferable to the love-across-the-barricades romance between Marxist boy and Christian Democrat girl (out of Elvira Madigan by The Ballad Of Joe Hill). Stijn Coninx directs. Jan Declair steals a few

grotesque feature is the way her high-cut leotard reveals a waxed bikini line and the folds of what are

either her underwear or her tights. As for her facial mannerisms... The forced nature of the whole farrago seems to emanate from David Atkins, who not only plays Spring (the chief brother) but also has directed and (with Dein Perry) co-choreographed the whole show. His brow is alarmingly tense; sweat gleams profusely on his face; and he employs a wretched smirk amid comic dialogue to indicate he is trying not to "corpse". As their father, Jack Webster gives the most bogus performance of all, determinedly

Need I go on with this? I love tap, I love almost every song used in this show, and I loathed the way this show used them.

At the Queen's Theatre.

Music

Odd Soviet bedfellows

he Russians keep coming, from all musical directions. Since the Soviet Union was wound up, not only have ex-Soviet performers flooded the Western market, but ex-Soviet composers too. There is an eager Western conviction that their most original music must have been suppressed under Communism. Hence the sedulously democratic attention given nowadays alike to the visionary Sofia Gubal-dulina, to knotty Edison Denisov, the maverick Alfred Schnittke and the pious minimalist Arvo Pärt and to anything by Prokofiev or Shostakovich that went down badly with the old regime.

On Tuesday at the Barbican, the ex-Soviet Alexander Lazarev took the BBC Symphony through an excellent programme of just such oddly-matched bedfellows. First we heard Wingless, a recent work by Giya Kancheli, a 59-year-old Geor-gian who like the Estonian Part remembers ancient chant, but subsumes it into an unhurried meditative flow, barely varied, more like recent Gorecki or John Tavener. In Wingless, chorale-fragments alternate steadily with fluttery motifs like shepherd's pipes or birdcalls. It went on for some 25 minutes: the mind wandered, drowsily and

pleasantly.
Then Dmitri Alexeev came on to deliver Nikolai Medtner's Piano Concerto no. 1 (1918) with all the tingling energy needed to keep its 19th-century virtuoso writing air-borne, the intimate feeling for its introspective passages, and the brains to set its tough, conservative structure in clean relief. A welcome rediscovery; but all that was anti-Soviet about Mediner - a refined neo-Brahmsian - was his reverence for Western musical models, and his early departure from Russia to Paris and thence to Golders Green. Russian pianists have been cultivating his music for many years now.

he 19-year-old Shostakovich's astonishing First Symphony (1925), which Lazarev expounded in swift, clean lines that left ample room for the first-desk BBC players to bring their solos to poignant life, was actually a "Soviet" triumph long before the clampdown by Stalin and Khrennikov. Though we hear tragic tensions in it, they cannot have had much to do with the composer's later, well-founded political anxieties.

As for Prokofiev's Eugene Onegin

scene-music (1936, for a dramatisation of Pushkin's verse-novel which was officially thwarted), Edward Downes's devoted restoration and revival on Monday with the Docklands Sinfonietta and a team of actors revealed it as moderately interesting, but broken-backed. The composer would soon recycle the best parts to more developed effect, in Cinderella, War and Peace and his Seventh Symphony. Here we had costumed players reading bits of Onegin, Lensky and Tatyana over the orchestra, very well - but no Olga, nor any dancers at the two grand balls for which Prokofiev designed several of his 44 numbers.

Though this "semi-staged" version was less than a dramatisation. it occupied a long 2 hours and 40 minutes. The director Timothy West also took pawky relish in the lengthy narration, in Sir Charles Johnston's rhymed couplets. Rather soon the strenuous hunt for rhymes grew irritating, like the suppression of articles for scansion's sake – "avert his chest from pistol's click": shades of "Pyramus and Thisbe"! I think Prokofiev's robustly plain Onegin score wants full-dress staging with a brighter text, or else to be left alone.

David Murray

INTERNATIONAL

ATHENS

Megaron Tonight, tomorrow, Sat: Horst Stein conducts Bamberg Symphony Orchestra in Claus Helmut Drese's staging of Arladne auf Naxos, with Elizabeth Connell and Rosalind Plowright alternating in the title role and Agnes Baltsa singing the Composer in tomorrow's performance. Mon. Tues: Stein conducts symphonic works by Hindemith and Brahms (01-728 2333/01-722 5511)

■ BARCELONA

Palau de la Musica Sat evening, Sun morning: Orquestra de Valencia in Shostakovich's Seventh Symphony. Sun evening: Orfeo Catala Orquestra de Cambra in sacred works by Schubert, Mon: Tadeusz Strugala conducts Virtuosi di Praga in works by Mozart, Schubert and Haydn. Next Wed: Jessye Norman (268 1000)

■ BOLOGNA Teatro Communale Tonight,

Richard Strauss and Schoenberg Sun afternoon, next Tues: The Makropoulos Case, sung in Italian with Raina Kabaiyanska as Emilia Marty. Mon: Daedalus Ensemble In music by Monteverdi and others. April 11: Yevgeny Kissin (051-529999)

tomorrow: Christian Thielemann

conducts orchestral works by

■ GENOA

Teatro Carlo Felice Tonight, Sat and Sun afternoons, next Wed: Tosca with alternating casts including Ghena Dimitrova, Anna Tomowa-Sintow and Nell Shlcoff (010-589329)

LONDON

THEATRE A Month in the Country: Helen Mirren and John Hurt star In Turgenev's portrait of languid romantic evasions in a world of flux. Bill Bryden directs, Hayden Griffin designs. Now in previews, opens on Tues (Albery 071-867 1115)

 Johnny on a Spot: Richard Eyre directs a new production of Charles MacArthur's 1942 play - part political satire, part wise-cracking American comedy. Previews begin tomorrow in the Olivier, Press night next Thurs (National 071-928 2252) Travesties: Anthony Sher stars

in a West End transfer of the RSC production of Tom Stoppard's award-winning comedy, directed by Adrian Noble. Opens tonight (Savoy 071-836 8888) The Birthday Party: Harold Pinter's 1958 classic, in which

CONCERTS Mehta conducts Vienna Philharmonic Orchestra in works by Wagner, Schubert and Richard comedy gives way to a sense of Strauss, Tomorrow: Simon Battle inescapable menace, is directed

by Sam Mendes in the Lyttelton. Cast includes Emma Amos, Dora Bryan and Anton Lesser (National 071-928 2252)

● La Gran Sultana: Compania Nacional de Teatro Clasico, Spain's leading theatre company, presents Cervantes' lively comedy set in 16th century Constantinople. Tonight, tomorrow and Sat only (Sadler's OPERA/DANCE

Covent Garden The Royal Opera has a revival of Un ballo in maschera with cast including Nina Rautio, Dennis O'Neill and Giorgio Zancanaro (tili April 13), and a final performance tomorrow of Trevor . Nunn's new production of Katya Kabanova conducted by Haitink. The Royal Ballet has a mixed bill of choreographies by Ashton and Bintley on Sat. Birmingham Royal Ballet opens a two-week season on Mon with the premiere of David Bintley's new production of Delibes' Svivia (071-240 1066)

Coliseum ENO has Falstaff with Arwel Huw Morgan in the title role (till March 29) and Philip Prowse's taging of Bizet's Pearl Fishers (till April 28). A new production of Yevgeny Onegin, staged by Julia Hollander and conducted by Alexander Pollanichko, opens next Thurs (071-836 3161)
Queen Elizabeth Hall Tonight,

Dance Company, drawing on classical South Indian dance style and new music (071-928 8800) South Bank Centre Tonight: Zubin

tomorrow: Shobana Jeyasingh

conducts CBSO and Chorus in Stravinsky's Persephone and Walton's Belshazzar's Feast. Sat: Carlo Maria Giulini conducts Beethoven's Ninth Symphony. Mon: Vemon Handley conducts RPO in Eigar and Vaughan Williams. Wed: Nicholas McGegan conducts Academy of St Martin in the Fields. Wed (Purcell Room): Leland Chen violin recital (071-928 8800) Barbican Tonight and Sun: Colin Davis conducts LSO in two programmes with plano soloist Radu Lupu. Tues: Alexander Lazarev conducts BBCSO in UK premiere of Karetnikov's Fourth Symphony, plus works by Prokofiev and Shostakovich, with violin soloist Dmitri Sitkovetsky. Wed: Colin Davis conducts National Youth Orchestra in Elgar and Berlioz (071-638 8891)

■ MADRID

Teatro Lirico La Zarzuela Tonight, Sun, Tues: Giuliano Carella conducts Hugo de Ana's production of Lucia di Lammermoor, with cast headed by Marlella Devia, Ramon Vargas and Michele Pertusi (01-429 8225) Auditorio Nacional de Musica Tonight: Spanish National Chorus sings 19th century Spanish polyphonic choral music. Tomorrow. Sat, Sun: Aldo Ceccato conducts Spanish National Orchestra in works by Stravinsky, Strauss and Tchalkovsky. Sat late evening: Wolfgang Sawallisch conducts Vlenna Symphony Orchestra in symphonies by Haydn and Schumann (01-337 0100)

■ MILAN Teatro aila Scala Tonight, Sat (with

10 further performances till April 22): Riccardo Muti conducts Stefano Vizioli's new production of Don Pasquale, with alternating casts including Bruno De Simone, Nuccia Focile, Ferruccio Furlanetto and Lucio Gallo. Tomorrow, Sun afternoon: Gabriele Ferro conducts Pler Luial Pizzi's production of Rossini's Maometto II, with cast headed by Bruce Ford, Cecilia Gasdia and Samuel Ramey. Mon: Frederica von Stade song recital. Next Thurs and Fri In Chiesa di San Marco: Muti conducts Haydn's The Creation (02-7200 3744)

■ NAPLES

Teatro di Corte Tonight, tomorrow, Sat (also April 7, 8, 10): Salvatore Accardo conducts Filippo Crivelli's production of Rossini's L'occasione fa il ladro, with alternating casts including Luciana Serra and Claudio Desdert (081-797 2331)

■ PRAGUE

 A new production of Hans Krasa's 1933 opera Verlobung im Traum (Uncle's Dream) opens at Prague State Opera on Sun. conducted by Israel Yinon and staged by Karel Drgac (02-265353)

Vaciav Neumann conducts Czech Philharmonic Orchestra tonight in Dvorak Hall in works by Vorisek, Novak and Dvorak, with baritone soloist Ivan Kusnjer. Members of the orchestra play chamber music by Mozart, Beethoven and Brahms on Sun morning. Magdalena Hajossyova gives a song recital next Wed

(02-286 0111) Martin Turnovsky conducts

Prague Symphony Orchestra tomorrow in Smetana Hall in works by Hurnik, Shostakovich and Debussy, with cello soloist Frans Helmerson. Ivan Moravec gives a piano recital in Dvorak Hall on Sat. Oratorio Society of New York gives performances of Handel's Messiah next Tues and Wed at Church of Simon and Jude (02-232 2501)

ROME

Teatro Olimpico Tonight: Rudolf Buchbinder piano recital (06-320 1752) Universita La Sapienza Sat: Antony Pay and friends play octets by

Mendelssohn and Schubert (06-361 0051) Teatro Valle Sun, Mon, Tues: Herbert Blomstedt conducts Orchestra dell'Accademia di Santa

Cecilia in Brahms' German Requiem,

with Elizabeth Norberg-Schulz and Andreas Schmidt (06-678 0742/ 06-6880 3794) Teatro dell'Opera Tues: first of five performances of Gian Carlo Menotti's production of Zemlinsky's Der Geburtstag der Infantin. Programme subject to cancellation or change at short notice (06-481

TURIN

Teatro Regio Tonight, Sun afternoon, next Tues and Thurs (also April 5-10): Donato Renzetti conducts Giorgio Gallione's production of Puccini's La Rondine, with alternating casts including Nelly Miricioiu (011-881 5214)

ARTS GUIDE Monday: Berlin, New York and

Tuesday: Austria, Belgium, Netherlands, Switzerland, Chi-cago, Washington. Wednesday: France, Ger many, Scandinavia. Thursday: Italy, Spain, Athens, London, Prague. Friday: Exhibitions Guide.

European Cable and Satellite Business TV (Central European Time) MONDAY TO FRIDAY NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

NBC/Super Channel: FT Reports 1230.

TUEŚDAY Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY NBC/Super Channel: FT Reports 1230

NBC/Super Channel: FT Reports 1230 Sky News: FT Reports 0230, 2030

SUNDAY NBC/Super Channel: FT Reports 2230 Sky News: FT Reports 0430, 1730;

Time to concede the end of an affair



John Dickie until his retirement from the Daily Mail, the dean of British diplomatic correspondents. An

REVIEW unmistakeable figure, he always wore a fresh carnation in his button hole. Perhaps the Mail did not publish as much of his work as it should have done, but the Foreign Office always read him. He had a knack of hitting (more or less) the right targets on the right day.

So it remains, now that he has turned more to books than journalism. 'Special' No More, his survey of Anglo-American relations from roughly 1939 to the present day, could scarcely be better timed. Dickie thinks that it is the end of the affair. Yet such have been the ups and downs in the relationship over the decades that it may be too early to be sure.

Where Dickie scores is in throwing in the anecdotal evidence with the researched. He notes in passing that the "iron curtain" was first used in print by Ethel Snowden, the wife of the Labour politician, on arriving in Petrograd in 1920. It is the same with the "special relationship". Few people are certain how it came into the language. Churchill used the term in a memorandum in 1944, but it was only in his famous speech in Fulton, Missouri, two years later that it became prominent.

Even then, it is worth being clear what Churchill said. He spoke not of a special Anglo-American relationship, but one between "the British Commonwealth and Empire and the US". And there, with hindsight, were the seeds of

future troubles. The special relationship was fostered during the second world war because of the joint desire to defeat Hitler and Japan. It may not have come about quite so soon without the Japanese attack on Pearl Harbour. The British were in many ways an attractive ally. They were more advanced than the Americans in research on atomic weapons; they had an excellent intelligence service; and, as Bismarck had remarked long before, "the

'SPECIAL' NO MORE Anglo-American relations: rhetoric and reality By John Dickie

Weidenfeld & Nicolson modern world is that Britain

and America speak the same

Yet it should have been apparent from the start that the relationship was unequal interests would diverge. The US, then as now, was as interested in the Pacific as in Europe. It was unlikely, given its history, to come to the sup-port of the British Empire, and the Americans had their own ideas on the Middle East.

For a while the personal rela tionship between Churchill and President Roosevelt flourished. Roosevelt's adviser, Harry Hopkins, even attended British cabinet meetings. But, as Dickie notes, by 1943 Chur chill was beginning to feel a bit cut off from the mainstream of policy-making. The quite the same post-war world

as the British. Again partially with hindsight, the British attitude to the American cousins seems to have been remarkably patronising. As the rhyme puts it: "In Washington Lord Halifax once whispered to Lord Keynes, They have all the money bags, but we have all the brains." Yet in foreign policy terms,

or indeed in any other, that

was never wholly true. To be sure, there were - and remain great post-war examples of Angle-American co-operation: the Berlin airlift for a start, Using some new information, Dickie tells how the two countries combined to overthrow Dr Mossadeq as prime minister of Iran. The British called it Operation Boot because the objective was to boot him out. The Americans refined it to Operation Ajax, but it still worked.

Sometimes, personal relations were crucial. Sir Anthony Eden never liked the American Secretary of State, John Foster Dulles: this was one of the contributory factors to the Suez crisis in 1956. On the other hand, Harold Macmillan as the new prime minister repaired

of a fresh angle emerged.

This may just have been in the eye of the beholder, but the ship in double quick time, and became very close to President Kennedy.

Thus the ups and downs con-

new. Yet at the History of Eco-

nomics Society Conference in

London yesterday, something

fresh approach did seem to me

to throw light on a variety of

matters, including quite

homely questions such as the

relation of the supply of build-

ing land to inflation and eco-

The place to start is the

emerging distinction between

the modern monetarism used

in forecasts and monetary tar-

gets and the historical Quan-

tity Theory of Money as devel-oped by John Locke, David

Hume, the early Milton Fried-

In what follows I am almost

certainly taking the distinction

further than the speakers

intended, but it is still worth

The Quantity Theory of

Money relates inflation to the

amount of money in circula-

way. The original Quantity

Theorists allowed plenty of

room for time lags, changes in velocity and transitory effects

on output, and were not dog-

matic on how quickly or by

how much a given percentage

increase in money would raise

prices. They also allowed for

institutional changes and

shocks from outside the mone-

tary system. All that the Quan-

tity Theory needs is the gen-

eral proposition that money

matters and that monetary

changes can cause price

changes and not just reflect

them. The policy implications will depend on place and time.

down of Bretton Woods in the

early 1970s no country attempted to target the money supply directly. The latter was regulated automatically by the

gold standard and by the struc-

ture of bank deposits and cred-

its erected on the gold base. To

the extent that monetary

authorities, like the US Fed.

attempted an independent

national policy, it was geared

Modern monetarism, by con-

trast, insists on a stable

demand for money related to a

few variables such as prices,

real incomes and interest rates.

Rightly or wrongly, it has shared in the discredit into

which would-be scientific eco-

nomics has fallen. In any case,

its evaluation is reserved for

to interest rates.

Moreover, until the break-

tion in a loose and long-term

drawing out implications.

nomic recovery.

man and others.

tinued, and there were policy divergences as well. Successive British governments refused directly to help the Americans in Vietnam. Lord Home was reviled in Washington for allowing the sale of Leyland buses to Cuba and even Lady Thatcher fell out with Ronald Reagan over the American invasion of Grenada - led incidentally by Major-General Norman Schwarzkoof, who subequently made his name in the

Guif war. The close co-operation between Britain and the US in that latter campaign came about partly by chance. Thatcher happened to be in Aspen, Colorado, with President Bush when the news arrived of Iraq's invasion of Kuwait.

There was a problem in the special relationship, however, that was growing bigger with time and should have been realised in London. British polwas more interested in Nato, where it could claim to be a bridge between Europe and the US, than in the development of the European Union. The Americans always knew this, but were usually too polite to say so in public. When Dean Acheson had a shot at it in his "lost an empire, not yet found a role" speech, the British jumped on him, from Harold Macmillan downwards. Yet as the cold war ended, and the European Union continued to expand, there was no need for a bridge. What the Americans want is a Britain firmly in

Dickie writes that John ajor became prime minister to deal with all that: "His first decision of cardinal importance was to commit himself to the EC in a way that Thatcher had refused to contemplate." Given the events of the past few days. that looks like an uncharacteristically bad judgment from such a journalist. Dickie is a better reporter than he is leader-writer. Most of his book is a delight. Academics will be infuriated that, like many good journalists, he declines to give sources, but they look pretty first-hand to me.

ECONOMIC VIEWPOINT ne might suppose that monetarism had been studied to the point where it was difficult to add anything

Nimbyism: the growing cost

By Samuel Brittan

drawing the distinction is that something like the very tight British system for limiting land for building development would not be regarded as relevant to inflation by many modern monetarists. But there would be a place for it in a broader Quantity Theory.

This theory is normally stated in terms of the identity MV equals PT. The quantity of money, times its velocity of circulation, equals the average price per transaction, times the total number of transactions. Some adjustments are required to apply the identity to national income statistics, but it will do for exposition.

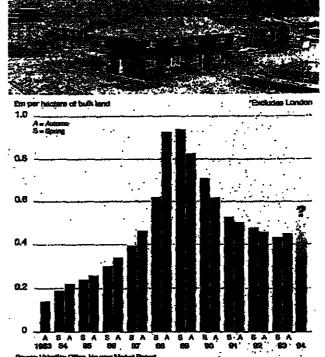
Too much of the modern discussion has centred on the def-inition of M or stability of V. A shrewd central banker like Alan Greenspan, US Fed chairman, will allow for changes in the financial system and try to stabilise the total flow of money spending, MV, without necessarily worrying too much about the components.

More interesting is the

breakdown of PT, the price level times the level of economic activity. The pioneering economists of the 18th and 19th centuries would have known well enough that an interruption to production and trade, such as the Napoleonic wars or a bad harvest, would reduce T and thus raise the price level.

These reflections came to my mind in relation to the complaint in Tuesday's Financial Times by Mr David Wilson, chairman of the house builders Wilson Bowden, that land prices for high quality housing sites had risen by an average of 25 per cent in the past 12 months and by up to 50 per cent in the south-east.

Why has this happened so alarmingly early in the recovery? An unreflective reaction might be that monetary policy is too loose and stoking up demand. A more reflective Quantity Theorist would, however, wonder whether something had happened on the side of T to restrict supply and therefore stoke up inflation Housing land prices in England and Wales*



from the other end. The quick answer is that something has indeed happened. This was a tightening of planning restrictions in the early 1990s, which has reduced the potential supply of building land. Kevin Cammack, of Smith New Court, predicted nearly two years ago that the Town and Country Planning Act of 1990 and another act of 1991 would make it harder to secure planning permission for building sites and make

appeals almost impossible. Builders are now convinced that local authority development plans are at the mercy of residents who say "Not in my backyard" (Nimby) and are supported by the government. This was not noticed before. because of the recession.

Now that activity is rising, however, it is coming up against much tighter zoning restrictions. When rising

demand collides with an inclastic supply, it does not take a genius to see that the result

must be higher prices. To spell out the causation: recovering demand leads to rising house prices, which in turn boosts the price of land. But as land with planning permission is a speculative asset, owners and investors do not wait for the chain of events but start marking up prices when recov-ery is in the air. The effect of any given rise in the demand for homes on both house prices and land values will depend on how responsive the supply of land is to building demand.

A purist might object that house prices are only one element in the general price level. But they are an important one. And they usually move in the same direction as factory and office rents. An attempt to force other prices down to offset rising property values

could be very painful. A comparison might be with what would have happened if governments had attempted to force other prices down to offset the oil price explosions of 1973 and 1979. Moreover high and rising house prices are believed to have a multiplier effect on inflation through the perception of increased wealth they bring to their owners.

The shadow now on economic recovery is still no larger than a man's hand. But that is the time to watch it. Good house prices indices are difficult to find. The Department of the Environment and the Inland Revenue Valuation Office indices look very different. But the general trend is clear enough. Urban land prices were rising even in the recession of the early 1980s and quintupled between 1983 and 1989. Since then they have fallen by about a half, but are now on the rise again. A small recovery shown in the Valuation Office index between the spring and autumn of 1993 is widely regarded in the construction industry as too low.

t present prices, land accounts for some 20 to 30 per cent of the price of a new house and up to 50 per cent in the most favoured parts of the south-east. Consumer expenditure related to housing is about 10 per cent of the total shown in the National Income Blue Book. If house prices were to double over a few years, the effect on people's perception of inflation would be severe, even though the retail prices index gives too much weight to interest rates and not nearly enough to house prices.

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If the government sticks to its anti-inflation objectives, the effect will be felt on economic activity instead. Alas, if the Bank of England puts on the brakes because of inflationary signals from the property market, this will inhibit growth and recovery much earlier on than if there had been a plentiful supply of land.

Indeed, the effect on inflation and on official interest rate policies are in the last resort symptoms. The underlying process is that obstacles are being put in the way of business development and of places for workers to live. There is almost no link between the "green" policies of the Department of the Environment and the growth and price stability objectives of the Treasury and (one hopes) the Department of Trade and Industry. Even if folly cannot be stopped, it should at least be exposed.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Global warming line far too simplistic

From Mr Andrew Warren. Sir, The argument that "if saving energy made any sense everyone would already be doing so to the optimum level" had, I fondly imagined, been discredited some 20 years ago. So it was a little tiresome to see this simplistic line pedalled by Messrs Roger Bate and Julian Morris in their pamphlet, Global warming: apoca-typse or hot air?. It was rather

more worrying that Bronwen Maddox's review of it, "Green-house faces stoning" (March 18), should apparently accept much of this at face value.

For the record, here are some of the obstacles which have long been acknowledged to distort the marketplace for energy efficiency investments: lack of information; lack of finance; lack of knowhow and technical skills; separation of responsibilities for energy supply expenditure and conservation actions; landlord/tenant disincentives; energy tariffs which encourage greater energy usage; and lack of confidence in novel technology. This is the list of barriers which appears in the House of Commons energy committee's report, "Energy policy implica-tions of the greenhouse effect", published in 1989. It might have been helpful if at any rate some of these had been addressed in the pamphlet (or raised in the article) before such a sweepingly uninformed generalisation was made. Andrew Warren. director,

Conservation of Energy, 9 Sheriock Meus.

Alternative view of pensions 'fantasy'

From Mr Eric Lambert.
Sir, Barry Riley's view ("Break-up threat to pension fund fantasy league", March 16) that UK pension funds are moving away from a "fantasy league" is his interpretation of surveys like ours. Others may

interpret differently. Balanced managers have done the UK pensions industry, the sponsoring companies and members a great service compared with those overseas. While a number may "tweak consensus strategy", this is hardly surprising when this consensus is their target. Many others seeking higher targets are likely to employ managers who display distinct preferences and styles - they cannot slavishly follow the consensus when they are engaged in compiling it. Twenty years of consensus results have produced

cent a year when earnings growth has been 10.1 per cent. Universes reflect the reality of pension funds, maturity et al. indeed the WM All Funds Universe is currently split into. broadly, three equal parts; funds with positive net contri-bution flow ignoring investment income, positive cash flow only when including investment income, and nega-tive cash flow despite investment income. The WM 50 Universe of very large funds represents an even more mature peer group. If the

industry profile has changed

over time, the aggregate of the

annualised returns of 15.3 per

new environment is just as meaningful as it was of the old. Eric Lambert. The WM Company World Markets House,

Transport problem must be tackled head on

From Mr S J Robinson.

Sir, The policy guidance on transport published last week gives the impression that the government is planning the environment by remote control ("Gummer aims to reduce car use". March 16). As one of the key points of this new policy is to promote alternatives to the private car, it is perplexing to try and understand how this might be achieved through a planning and development strategy. Why not tackle the issue head on?

It is even more perplexing when seen against the government's indecision over Cross-Rail - surely a perfect example of an alternative to the private car in an already congested London?

It has been hinted that the downfall of CrossRail may be due in no small part to Michael Portillo, the chief secretary to the Treasury, who has been a long-standing objector to the

A sustainable environment requires the government to have the inclination and the ability to provide real alternatives for the public. As it is, the government's lack of cohesive policy between its various departments on this issue can only cause confusion, resulting in no strategy whatsoever. This vacuum creates the

worst possible context for Mr Portillo and transport secretary, John MacGregor, in their efforts to attract private sector investment in the transport sector. S J Robinson,

head of planning, Hillier Parker. 77 Grosvenor Street,

Better to look at detailed evidence on Citizen's Charter progress

From William Waldegrave,

Sir, I was surprised to see the letter from Elizabeth Symons (March 21) about the government's public sector reform policy. She seems to forget that the whole Competing for Quality programme, of which contracting out and market testing are elements, is about three clear aims: getting government to concentrate on the essentials; introducing more competition and choice into the provision of services; and raising standards and cutting costs.

The Citizen's Charter second report published last week shows that we have scored important gains in all of these areas. The report shows we have made savings through market testing and contracting

out of £135m, and there is a mass of information to show how individual departments contributed to this total. If Ms Symons is puzzled by what we mean by savings, it is really quite simple: it is the difference between what we were paying for a whole range of government activity before market testing and contracting out, and what we are paying now. If Ms Symons can think of a better way to do the arith-

metic, I should love to know. There is a suggestion that we do not know the costs of the policy. One look at the charter second report will show that we have set out the costs, again in detail, breaking them down by department and also by consultancy and set-up

costs and by central market

testing support costs. This clearly shows an overall annual cost of £20m. Indeed, on the wider issue of consultancy work in government, we had aiready decided to conduct our own review long before Ms Symons made this an issue, and Sir Peter Levene is running a multi-departmental efficiency scrutiny of this whole topic. This is hardly the approach of a government trying to conceal the information.

I acknowledged that the glass is filling but is not topped up yet. Even now, however. the savings we have made have repaid the cost of running the programme more than five-fold, and we will make these savings now every year, while the start-up costs of the policy are mostly behind us. This

sheet to me, and certainly represents value for money.

If Ms Symons doesn't want to take my word for it, I suggest that she asks departments whether they think the policy is giving them benefits. Rather than trying to score points from answers given by departments before the charter report published the information, it would be better to look at the detailed evidence that we have now released, which shows that the policy is well on course.

William Waldegrave, chancellor of the Duchy of Lancaster, minister of public service and science, Cabinet Office.

econometric experts. Malcolm Rutherford The immediate point of most important fact of the the Anglo-American relation-I have NEVER used a sun-dried tomato in MY LIFE. CARPMEMBER SINCE 1993. Simply NIC 0 Z ۵, ME SIMPLY NICO (and imply today of OTHER places).

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Monetarily ad hoc

Since the US Federal Reserve first raised short-term interest rates by a quarter of a point early in February, analysts have struggled to make sense of the shell-shocked behaviour of world bond markets. Yet the Fed's decision on Monday to signal a further quarter-point increase, together with the subsequent marginal reduction in the Bundesbank's repurchase rate, are arguably no easier to rationalise than the related market movements. In both the US and Germany ad hoc gradualism appears to have taken the place of a more orthodox framework for policy.

The declared intention of the Fed's Mr Alan Greenspan has been to return monetary policy to a neutral stance after the period in which low short-term interest rates were needed to help recapi-talise the banking system. More than three years into an increasingly robust recovery, short-term rates of 3% per cent look more like laxity than neutrality. Nor is it clear why small incre-

mental increases are the appropriate way to contain latent inflationary pressure in an economy where the underlying rate of growth in demand may be running at 3-4 per cent. If Mr Greenspan believes that the pressure is real, it would make more sense – and help stabilise the bond markets - to get the full adjustment out of the way. Similar questions could be

raised about the Bundesbank's salami-slicing tactics. The lags in monetary policy are long: it can take up to two years for a given change in short-term rates to have

policy cannot sensibly be finetuned from week to week in response to subtle and often contradictory clues as to the state of the domestic economy. As with the Fed, the absolute level of interest rates appears to be behind events, although the bias in this case is on the side of tightness.

The Bundesbank could, in mitigation, plead that a strong ele-

inflation. It follows that monetary

ment of discretion is essential when the money supply figures are overshooting wildly in an economy where recovery is per-ceptible, but only just. Even so, small incremental rate reductions have failed to prevent the sell-off in the bond markets that has always worried the Bundesbank in view of the funding strains from unification. Perhaps gradualist cuts have the merit of reconciling the wider public to the short-run costs of meeting a historically demanding inflation target of less than 2 per cent. Yet the fact remains that the Bundesbank is in a box; and it is far from clear that the alternative policy to gradual cuts would be any more credible. Comparing the activity of the

monetary authorities with the behaviour of US Treasury bonds suggests that the finesse is all on the side of the markets. US bond yields started to rise last October. That looks a more timely though admittedly politically unrestrained - pre-emptive strike than the Fed's. For the Bundesbank, the dilemma is more compli cated. But a policy of frequent,

Russian gamble

Michel Camdessus, director- reform feasible. The old joke general of the International Monetary Fund, has decided to gamble on Victor Chernomyrdin, Russia's prime minister. If the gamble fails, the IMF will have wasted \$1.5bn, Mr Camdessus will look foolish and the IMF's reputation will have been damaged. If the gamble is successful, however, Russian reform just might become irreversible. In making the decision, Mr Camdessus overruled senior members of his staff. He was right to do so. Whether the west is right to risk the reputation of the IMF in this way is another matter

A country that is promising to keep inflation to 7 per cent a month is hardly the obvious target for IMF assistance. Nor is one with a planned budget deficit of about 10 per cent of gross domestic product. But there was little alternative to jumping in at this stage, other than watching the government drown. The IMF had to start by rewarding intentions. partly because assistance could make them more realistic.

If the government does show the determination and capacity to carry out what it has promised, further support should be forthcoming. It will be needed, since the sum now on offer cannot make much difference on its own. A further \$4bn of IMF money is on the table, while the Russian government hopes for a \$600m rehabilitation deal from the World Bank and, more important, a formal rescheduling of its \$80bn debts to western creditors. Even these

made by communist workers was that they pretend to pay us and we pretend to work. Now it might be that the west pretends to help us and we pretend to reform. Are they pretending? With Boris

Yeltsin apparently hors de combat, everything depends on Mr Cherno myrdin a former apparatchik allegedly converted to the cause of reform. He should at least be able to do what is now required to obtain the \$1.5bm. But what will happen thereafter? Will the govit pursue the equally important structural economic reforms? Mr Chernomyrdin's contacts and status in the old Russian elite presumably give him a better chance of following through than Mr Yegor Gaidar enjoyed. But the prime minister's determination is more suspect, while the obstacles remain mountainous. The strategy to which the west

seems committed - assistance first, followed by measurable performance and then, perhaps, more assistance - is the only feasible one. It is unfortunate, however, that the IMF has been put in charge of the western effort, since the credibility of the institution has been put at stake. It would plenipotentiary representative of the Group of Seven leading indus-trial countries instead. But the die is now cast. The Russians must show the gamble was worth taking, the west must respond posisums may not be enough to make tively to serious effort at reform.

Shipbuilding

The progress of international negotiations intended to eliminate shiphuilding subsidies has revealed a worying shift in US thinking. After initiating the pres-ent round of talks five years ago, with the aim of removing subsidies, the US now seems bent on increasing the support it gives its own shipbuilding industry.

Last week US negotiators at the

Organisation of Economic Co-oper-

ation and Development took a tough new line by insisting on the freedom to require that ships financed by its export credit schemes be built in US yards. Other delegations saw this as an attempt to establish an unacceptable principle, contrary to the very purpose of the negotiations. lt is particularly unfortunate that this apparent setback has occurred when Japan and South Korea, long regarded as the least flexible in this matter, have finally shown themselves willing to offer concessions. They have, in fact, declared themselves ready to

It is ironic, too, that the US is not a large builder of merchant shipping, though the decline in naval orders in the wake of the ending of the cold war may be a

accept an anti-dumping code for

ships, to prevent "injurious pric-

partial explanation of its stance. Meanwhile, it emerged yesterday that the US administration will back the Gibbons Bill, which would penalise ships docking at US ports if they came from countries with "unfair" shipyard subsidies. At the least the new stance facture.

seems internally inconsistent with the US intending to act against the subsidies of others. while resorting to subsidised export promotion itself.

One unwelcome outcome of the new US approach could be to split opinion within the European Union. Governments in southern Europe, in particular, are under strong pressure to relax subsidy rules. The EU has made good progress with its subsidy reduction regime in recent years. But this could now be reversed.

Sweden's ambassador to the OECD. Mr Staffan Sohlman, chair-man of the shipbuilding talks, will attempt to produce a document which he hopes will be acceptable to all participants in the talks. The aim is to reach a final agreement by May.

Reaching such an accord is important. Failure would not only hurt those shipyards which have improved their efficiency but would rebound on the shipping sector. Unbridled, subsidised production of new ships adds to the problems of liner conferences already faced with overcapacity

on many routes. There is a danger that pressures for shipbuilding subsidies will not just be maintained, but strengthened. Despite the decline of shipbuilding activity in many western countries, it is important that agreement on subsidies is reached. A failure here would provide encouragement to the pro-subsidy lobby in other important areas, such as steel and aircraft manu-

he European Union loves to live dangerously. Brinkmanship runs in the blood, but there comes a point when members of the club must decide whether to pull back or precipitate

This point is approaching rapidly in the dispute over power-sharing in an expanded Union. Without an ment in the next week or so, there is a serious risk that Finland, Sweden, Austria and Norway will be unable to meet the agreed date of

January 1 1985 for EU entry. A delay threatens to erode fragile public support for EU membership among the four Nordic and Alpine applicants, where only the Finns show a consistent majority in favour of entry. Postponement of enlargement would reinforce the sense of disarray in the Union, rekindling doubts about more ambitious projects such as a common foreign and security policy and a

single European currency.
There may be other unpredictable consequences. Britain and Spain's insistence on maintaining their ability to block decisions in an enlarged Union has attracted nationalist cheers at home. But it threatens to break the informal truce among heads of government over the constitutional future of the Union, a truce which barely held during the painful ratification of the Maastricht treaty.

Until the latest imbroglio over voting rights, the consensus among the Twelve was to hold fire on constitutional issues until 1996, the date set for a review of Maastricht. But the power-sharing dispute has forced member states to confront matters which many hoped to postpone: the relationship between voting power and population in an expanded Union, and the organisation of a Union of 20 or more member states, including the central and east Europeans.

With Hungary's application to join the EU due next month, pressures for faster integration of the east are growing. Germany, which takes over the rotating EU presidency from Greece on July 1, is planning several initiatives, including invitations to the former communist countries to send permanent non-voting delegations to the European Parliament, and invitations to eads of governments to attend European summits. "We have to rethink our whole policy toward eastern Europe," said one senior Commission official

It seems unlikely that the British and Spanish governments intended to open up the debate about the future shape of the EU. Together they make an odd couple: the pioneer of enlargement (Britain) hitched up with an EU partner which has more reservations than most about its impact (Spain). The

This memo was discovered wrapped

around a Motorola mobile telephone,

on the pavement outside a Japanese

onvernment ministry.

On the brink of a breakdown

Lionel Barber examines the impasse on voting rights that threatens to provoke a crisis over EU enlargement

next few days, starting with an EU foreign ministers meeting in Greece at the weekend, will determine whether the London-Madrid alliance is a marriage of convenience

Both Spain and Britain want to preserve voting rules in an expan-ded Union which prevent two large countries and one small member state being outvoted - 23 votes are present needed to muster this blocking minority. Britain is pressing for a legally binding protocol which would safeguard this present position. Spain may settle for some-thing less, but it remained firm at Tuesday's meeting of EU foreign

Voting procedures do not affect matters of sovereignty such as foreign policy or European monetary union, where a national veto by one member state can be exercised; but they do cover decisions on "second tier" issues such as the environment, health and safety regulations. tobacco advertising, and trade action. For instance, the UK collected enough votes to block the first Commission proposals for reform of the Common Agricultural Policy in the early 1990s; and last year won support from Germany and the Netherlands to block trade reprisals against cheap aluminium imports from Russia.

For the Madrid government, the planned switch to a 27-vote threshold is especially worrisome because it challenges the power of the "olive oil minority". This grouping allows Spain to combine with Italy and Greece to muster 23 votes to block decisions judged to infringe its vital interests, mainly in the area of Mediterranean agriculture.

For the UK, the tale is more tangled. Along with Germany, Britain had ranked as the Nordic applicants' best friend. Yet British support for "widening" Europe has always been based on the assumption that it would not come at the price of further "deepening" of Euro-institutions.

The British calculation is that enlargement can proceed without further erosion of national sovereignty, and its conviction has strengthened in the past two years as ministers have watched public



on the continent, particularly in France and Germany. The belief that the tide in Europe is running Britain's way is widely held in Westminster, even though it has proved misplaced in the past and is not held in the Foreign Office.

Brussels officials express aston hment that the UK has invested so much capital on an issue which they describe as peripheral compared with the greater political prize: enlargement of the Union to include wealthy, free-trading Scandinavians who will very soon be net contributors to the EU budget.

Major, UK prime minister, is wrapping himself in the Union Jack to prevent a civil war in his own party over Europe in the run-up to the European Parliament elections in June, where polls suggest the Tories will suffer heavy losses. The prime minister also looks boxed in by his own Cabinet, where a mixture of Euro-sceptics and pretenders to the premiership have turned an arcane voting system into a couse célèbre.

When EU foreign ministers met on Tuesday, Britain and Spain were clearly isolated. Ten countries

offering legally-binding protection for the 23-vote blocking minority, a position echoed by the European Parliament, which must give its assent to the enlargement treaty by early May or postpone consideration until after the June polls.

Here is the big risk. Without an early favourable vote in the Parliament, there seems little hope of Finland, Sweden, Austria and Norway holding referendums on the accession treaties in time for the target date for entry into the Union. "The whole momentum of enlargement would be lost," said one Scandinavian ambassador.

British officials say their best hope lies in persuading Germany to come up with a compromise. The Bonn government has little appetite for making population reflect voting power more accurately because it would mean a more populous Germany acquiring more votes than France, thus jeopardising the relationship with its closest ally. It insists that the threshold is raised from 23 to 27 votes.

British officials are hoping, however, that Germany may agree to a deal whereby certain areas - notato the 23-vote blocking minority in return for UK acceptance of 27 votes on most other areas. But such a solution still runs the risk of being turned down by the Parliament.

and Spain's partners is that Lonimplicitly accepted the principle of a "mechanical" adjustment in voting weights at the European Commission, as well as federalist-minded countries such as Belgium and the Netherlands, argued in favour of more far-reaching reforms to streamline decision making in an expanded European Union; but they were overruled by the UK and Germany which insisted that enlargement should A Dutch diplomat, echoing wide-

spread sentiment in Brussels, argues that the UK's strategy is to "roll back" Maastricht and push the European Union further towards loose inter-governmental co-operation. "The British are taking a very consistent line," agrees a German official.

The question is whether the rest of the Union has the stomach to provoke a confrontation now, or cobble together a compromise in the hope that the deep divisions over the future shape and pace of integration can be resolved in 1996. Mr Jacques Delors, Commission resident, has no doubt about the best outcome. "It is better to have a crisis than to have a bad compromise which later turns out to make

Let's be the 51st state

The Cabinet Office From: Interministerial Sub-committee on Economic Relations.

Title: Adhesion to the US.

You asked for advice on Japan's

strategy in the trade dispute with the US. We present a modest pro-posal for inclusion in the package of measures to open Japan to imports, due to be unveiled by the end of the month. The government should present an application for Japan to be accepted as a state of the United

Constitutional experts tell us that Japan might, in some important areas, expect less intervention than now from Washington in the exercise of its sovereign rights if it hecame a US state.

We make this suggestion both in the spirit of responding to US criticisms of the Japanese bureaucracy's alleged lack of imagination, and on national (or state) interest grounds. US membership could bring the fol-

● Economic: Japan's current

account surplus would vanish and readdear where Washington appears to want it, as a US surplus. There would be little practical difference to Japanese economic policy. The Tokyo government is already used to importing the US example, on monetary policy in the late 1980s and on fiscal matters, if incompletely this year. Currency union between the ven

and the dollar would be the opportunity we need for correcting the Japanese currency's over-valuation and the dollar's under-valuation. The fact that Congress's constitu-

tional right to fix the value of money would mean it had the power to set the dollar-yen alignment parity need not be a problem. Japan's 124m people would carry a certain political weight in the new US with its enlarged population of 374m. In theory, that should allow the new state of Japan to lay claim to around a third of the seats in the House of Representatives We recommend Y360 to the dollar.

the rate prevailing before the 1971 abandonment of the gold link, as the starting point for negotiations on the alignment parity.

pick up more, free of exchange rate risk, while US institutions, strong buyers of Tokyo stocks recently, could sweep the market. Japanes banks, meanwhile, would be happy to hand monetary policy to Mr Alan Greenspan, chairman of the Federal Reserve, given his experience in defending US banks in trouble. • Trade: The guarantee of free

trade between US states, as laid down in the US constitution, would remove the basis for dispute with Washington. No more arguing over the definition of a foreign made semiconductor chip, nor haggling over mobile telephone technology. No more anti-dumping suits.

This would unleash a flow of cheap imports, from food to cosmetics, to the new state of Japan, sup-porting the existing policies of new governor Morihiro Hosokawa promoting deregulation and lower consumer prices.

The consequences would be spread through the larger US economy to both sides' benefit. Japan would get an economic boost and the US a dose of deflation. The

Japanese purchasers of US gov- increased size of the US single marid both si and provide a counterbalance to the European Union, another power bloc taking on new members.

Our constitutional advisers, at the same time, note that US states do have a certain latitude to impose state tariff barriers to trade, on health and safety grounds. This opens the appealing prospect of reimposing the ban on non-Japanese rice, in the same spirit as the Californian ban on many kinds of imported citrus fruit.

We believe, however, that there should be no inter-state trade barriers for the car industry. It would be a positive benefit for the new Japanese state to switch from driving on the left, to driving to the right, as in the rest of the US.

This would be welcome to the car industries of our new state neighbours, but pose no practical problem for Japanese car producers, long accustomed to adjusting mod-els to local markets. Nor should this pose a problem for Japanese drivers, since the residents of Okinawa island switched from right to left in the mid-1960s without mishen.

 Foreign policy: Our government has often been criticised for its lack of one. Like it or not, we think this is close to the truth. But as a US state, it would be unconstitutional to run our own foreign policy, so we even disband the military. That would please Prime Minister Hosokawa since it would keep the Socialists on his side in the coalition. Power structure: There need be no change of Japanese government. Nor need Japan reverse its recent electoral reforms, since states are entitled to establish their own

systems for state elections. Mr Hosokawa's eight years as governor of Kumamoto Prefecture should equip him well to be a state governor. Who knows, he might even succeed former governor Bill Clinton, if the Japanese lobby takes root in Washington. • The emperor. As far as we know,

no US state has one, though the territory of Hawaii used to have a king until 1898. However, we believe that the freedom of religion clause in the first amendment assures Japan's right to keep its emperor. on the grounds that his father was for some of his life - a god.

William Dawkins and Michiyo Nakamoto

OBSERVER

Nominally ministerial

"He that filches from me my good name . . . makes me poor indeed." Could Othello be the next Japanese folk hero? About 4.5m Japanese, who are facing a government edict to alter the way they write their names, could echo his plaintive words.

The Justice Ministry wants to computerise its list of 45.4m officially registered family names all of which are written, as is usual for Japanese signatures, in kanji, using Chinese characters. But 10 per cent of the names take irregular kanji forms, and the ministry's software can't cope. The oddballs must be "corrected" - with or without their owners' consent.

Parents who carefully select the kanji for their offspring's name, preferring a lucky number of brush strokes to dictionary correctness, are not best pleased.

"I wonder if the ministry has the right to exercise such discretion to change names," linguistics professor Susumu Ohno ponders from his tower at Gakushuin Imiversity meanwhile. And the ministry? Not surprisingly, in some quarters its name is mud.

Call home

■ In the coming era of telephone banking, Royal Bank of Scotland's the former Tory chairman's utterances may no longer spook

choice of BT chairman Sir Iain Vallance as a vice-chairman has the right ring. With a father who once headed the Post Office north of the border, Vallance's Scots credentials also happen to be

Colin Brown, BT's departing head of corporate affairs, was moved to recall that Scots connection the other day apropos some advice be was given on joining the Post Office, of which BT was then a

How fast could a graduate trainee rise to the next grade, he inquired gingerly of a golfing pal in the

"Three years minimum," came the reply, "unless your father runs the Post Office in Scotland – then it's five months."

Trappist speaks ■ It seems Lord Tebbit's self-imposed silence in the run-up to June's European elections will not be total.

His planned trip to the US notwithstanding, it seems the Tory party's arch-Eurosceptic intends to break his silence at least once on behalf of one Professor Philip Treleaven, the prospective Conservative candidate for London

South West. But then again, with John Major suddenly coming over all tough in the battle about enlargement,



'Wrong sort of franchise'

the leadership quite in the way they once did.

Piccolo Pekkulo ■ An Italian residing in Brussels

is today savouring a magnum of Dom Perignon, thanks in part to the FT. It's his prize for winning a bet that he could succeed in having published another in a series of

multilingual hoaxes against newspapers, including this one. His score in the FT this week purported to stem from one Manko Pekkulo, of Finland's Brussels embassy. The putative author explained that "Finlandisation"

 being under Moscow's thumb was not so bad, but added that it was probably inevitable that Finland would now be annexed by another empire, the European

The Finnish mission quickly disavowed the letter; the FT published its disclaimer. But "Manko Pekkulo", using a

variety of pseudonyms, claims to have long plied the letters column of the Belgian daily, Le Soir, with spoof letters, including a joke at Japanese Emperor Akihito's expense during his visit to Brussels last September.

Yesterday's Italian daily L'Indipendente said that "the Financial Times had fallen to the pen of Zorro . . Even the great can

Pole position ■ No great surprise that Jardine

Matheson taipan Henry Keswick was a no-show at the company's press conference yesterday on the subject of delisting its shares in Hong Kong.

The notion of sweeping out of the stock exchange in a huff was very much his own, but, like the Queen and the Pope, Keswick does not grant interviews.

Normally based in London's Lombard Street, Jardine's *éminence* grise was indubitably present in the colony - Observer's man on the ground ran into his imposing self in the street.

But he left the talking to Sir Charles Powell, Margaret Thatcher's eminently plausible former adviser, who seems to have chief international fire-fighter. The whole thing must have

seemed a doddle to Powell, who arrived hotfoot from a couple of days in Malaysia with Mahathir Mohamad. His usual brimming confidence

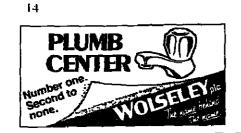
was no doubt further bolstered by the fact that Gammon, the construction company owned iointly by Jardine and Trafalgar House, is now safely off the list of British firms proscribed from bidding for Malaysian government

Comrades

■ So it came to pass; the lion lay down with the springbok. Honoured lunchtime guest yesterday of South Africa's London-based ambassador Kent Durr was Peter Mokaba, ex-Robben Island prisoner, fiery orator, former leader of the ANC Youth League - known as "the young lions" - and member of its national executive.

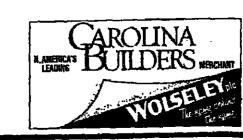
Durr, who is proving to be an adroit diplomatic performer, had persuaded Mokaba to speak at an

embassy election seminar. But the scourge of apartheid had another cause to plug - extolling South Africa's beaches in his new capacity as board member of the country's Tourist Forum.



FINANCIAL TIMES

Thursday March 24 1994



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ANC sets collision course with Buthelezi over Zulu homeland

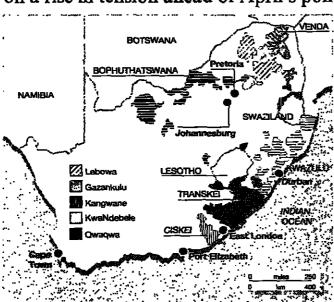
multi-party Transitional Executive Council yesterday to take over the administration of the KwaZulu black "homeland" from Chief Mangosuthu Buthelezi, putting the ANC and the Chief's inkatha Freedom party on a colli-

The call, from ANC deputy secretary-general Jacob Zuma, the highest ranking Zulu in the ANC, represents a significant harden-ing of the organisation's position on KwaZulu, the only one of the 10 black homelands which continues to offer political opposition to the ANC. Asked whether the ANC-dominated TEC, which oversees government in the run up to elections, should send in troops to remove Chief Buthelezi from power, Mr Zuma replied: "Why not?"

The TEC said on Tuesday night it would take all steps to ensure free political activity in KwaZulu/Natal, where some 85 people have died since the weekend. Inkatha supporters have prevented ANC election rallies and made voter education in Kwa-Zulu almost impossible. Chief Buthelezi said last night he would allow the Independent Electoral Commission to prepare for elections in the homeland. but he has given such assurances in the past without persuading

his supporters to respect them. Mr Zuma said the TEC should cut off government funding to KwaZulu, which is a semi-autonomous "self-governing territory" within South Africa but receives all its funds from Pretoria. The ANC would tomorrow launch a campaign of mass action aimed at demonstrating that most Zulus oppose Chief Buthelezi's plan to boycott April's all-race elections,

The African National Congress called on South Africa's Patti Waldmeir in Johannesburg reports on a rise in tension ahead of April's poll



Cisket and Borbuthstswane: nominally independent, now belo administered jointly by Pretona and Transitional Executive Council

legally part of South Africa.

• Lebower Self-governing territory, legally part of South Africa ♠ KwaZulu: Self-governing tenitory, legally part of South Africa; governing sisting elections; Zulu king has threatened secession

begin with a mass march in Durban on Friday and continue with civil servants' protests.

International mediation of constitutional issues would continue, Mr Zuma said - ANC sources said yesterday that former British foreign secretary Lord Carrington and former US secretary of state Henry Kissinger would be asked to mediate - but results would probably not come soon he said. The campaign would enough to resolve the crisis.

The ANC has eliminated all opposition from other homeland governments, widely vilified as the creations of apartheid. Other governments have either been ousted as a result of popular pressure orchestrated by the ANC - Brigadier Oupa Goozo was removed from power in the Ciskei homeland on Tuesday night, and President Lucas Mangope of Bophuthatswana was

long ago threw in their lot with the group they expect to lead South Africa's next government. The ANC has ignored abuses of human rights in homelands which support it, most notably, the Transkei government of Gen-

eral Bantu Holomisa. ANC officials, clearly excited by their victories in Ciskei and Bophuthatswana and angry at Chief Buthelezi's campaign to prevent elections in Natal, yesterday adopted a more belligerent tone towards KwaZulu.

One senior official, normally a moderate, said: "Buthelezi must learn the lesson of Bop. The Kwa-Zulu police, the youth and the civil service - the same forces which brought down the Bop government - are present in KwaZulu: the time has come for them to stand up and be counted." He added that the ANC only needed "a trigger" to provoke Buthelezi's departure within weeks.

All homelands, including Kwa-Zulu, will cease to exist after elections. But ANC officials said they could not wait for the poll before removing Chief Buthelezi: too many people were being killed in his campaign to prevent voting, they said, adding that they were determined to ensure participation in the poll.

But KwaZulu differs greatly from the other homelands where unpopular leaders have been top-pled. Chief Buthelezi commands significant support and he is unlikely to crumble as other homeland leaders have done.

But thousands of KwaZulu police and civil servants depend for their salaries and pensions on funding from central government, which will be controlled by the ANC after April. The next few days and weeks will tell whether they decide to revolt.

Two-tier EU voting proposed

a platform with the UK thatthreatens to delay the enlarge-

Continued from Page 1

ment of the Union. Foreign minister Mr Javier Solana said he held out "scant hope" that there would be a compromise over voting rights in the expanded Union when the EU foreign ministers meet in Greece on

He dismissed speculation that Spain, which has specific interests such as the protection of Mediterreanean farm produce. would abandon the UK in what has so far been a joint opposition to changes in the EU's current

blocking vote rules. The UK's policy, which has in the past been at odds with Spain's characteristic Euroenthusiasm is viewed as a more blanket opposition to the decision-making process in Brus-

THE LEX COLUMN

Sinking in the trough

Tighter money in the US has made financial markets there supremely sensitive to any signs of rising inflation, and the obsession seems to be spreading. Yesterday's UK inflation figures played into the hands of the Jeremiahs, though the disappointment was largely superficial. There has been some faintly worrying background noise in the housing market. on average earnings and commodity prices, but producer price inflation is still depressed and the 0.6 per cent monthly jump in February's retail prices index owed much to the end of the January sales. Since the retail sales figure for that month was weak. higher prices in the shops may not stick.

mine expectations of a further fall in the headline rate of inflation later this summer. But the conclusion on interest rates is different. The authorities would suffer a serious loss of credibility if they cut rates on the back of yesterday's figures. Next month's data will be perilously close to the European and local elections. Cutting rates then would invite the charge of political influence on monetary policy.

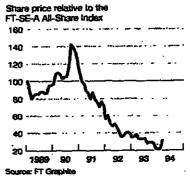
The hope must be that the economy has enough momentum to shrug off next month's tax rises. If so, the eventual judgment will be there was never any need for another base rate cut anyway. But growth cannot continue indefinitely without some pressure on prices. Barring a serious hiccup in the recovery, the trough in rates may have been reached. Yesterday's 46point fall in the equity market sug-gests this point is finally sinking in.

Kingfisher

Marks and Spencer's surging profits are living proof that Kingfisher's everyday low pricing strategy works. Sadly, there is as yet little evidence that it works at Kingfisher. Last year operating profits in the main UK retailing businesses actually fell by 3 per cent, despite all the huffing and puffing. B&Q is a central plank of the EDLP idea, yet profits here will probably be lower in 1996 than they were in 1990. Group earnings may rise by no more than 10 per cent in 1994 and 1995, which goes a long way towards explaining the heavy de-rating of the shares since the turn of the year.

Perhaps Kingfisher simply has the nesses. Electrical retailing offers a high return on capital in out-of-town locations, but most store chains are

FT-SE Index: 3155.3 (-46.2)



still dogged by their expensive high street shops. If they are eliminated, returns may fall. Superdrug has a weak position against Boots, and may also be squeezed by the food super stores. Woolworths is trying EDLP. but in many of Woolies' specialities, out-of-town chains such as Tovs 'R' Us are more effective players of the EDLP game. If Woolworths did not exist. it would probably not be necessary to

Faced with a difficult hand, at least the company is doing most of the right things. Mr Alan Smith, the new chief executive, is strengthening the management team and installing better systems. There may well be a revolu-tion going on at Kingfisher. EDLP may work. But it will be quite a while before shareholders find out whether it is going to benefit them.

Institutional investment

The government's institutional investment figures for the final quarter of 1993 bear all the footprints of fund managers stampeding into the fashionable assets of the day. There was strong net investment in overseas securities and property as investors scrambled to fulfil the targets set by their asset allocation committees. It is perhaps little surprise that many overseas markets have proved groggy since and property shares have paused

Institutional liquidity will be fuelled again this year by rising dividends, the ending of many pension fund holi-days and strong sales of single-premium investment products by the life insurance sector. Theoretically, that should help UK financial markets.

With cash inflows remaining high and the rate of gilts and equity issuance dropping sharply, markets should be squeezed higher by the sheer weight of money. The inflow of fresh funds into institutions may reach £55bn this year while the government's funding requirement will drop from £50bn to £38bn. The flow of rights issues has abated; flotations are only likely to absorb part of that shortfall.

But that happy investment scenario tends to overlook the influences on the existing owners of stocks and assets. Hedge funds have been prun-ing their holdings and overseas investors have turned tail in the gilts market. UK institutions may be flush with cash this year but the signs are they will have to take up a lot more of the

Lasmo

It is difficult to quibble with Las mo's decision to pass its final dividend. With development expenditure set to remain high over the next three years and the oil price at rock bottom, the company is being squeezed. Exploration spending has already been scaled back to £50m a year, probably not enough to replace reserves now being drilled. Gearing could rise above 100 per cent - counting Lasmo's US preference shares as equity - before Liverpool Bay and other development projects come on stream. In that context the £20m cash cost of the dividend was a burden.

Gearing would be less of a worry if Lasmo's balance sheet understated the true value of its assets, as is often the case with oil companies. But even after vesterday's write-downs, the suspicion remains that more will be required. Having replenished shareholders' funds with dollar prefs last year, the company is comfortably above minimum net worth covenants imposed by its bankers. Should oil prices dictate further write-downs. though, Lasmo's management might feel more comfortable with an infusion of real equity.

The snag is that shareholders would have little incentive to subscribe under those circumstances. Despite all its good work last year reducing overheads and disposing of high-cost production - yesterday's sale of its interest in the Ninian field is a case inpoint - Lasmo requires a material recovery in the oil price if it is to flourish. It is hard to see the shares outperforming until that is in pros

S Korea warns it will invade if attacked by the North

By John Burton in Secul

South Korea vesterday issued a veiled warning that if North Korea staged an attack, Seoul would respond by invading the North to overthrow the government of President Kim Il-sung.

"Our strategy is that, depend-ing on the type of North Korean armed provocation, we would make it an opportunity to realise unification." Mr Rhee Byoungtae, the defence minister, said. There are no signs that North

Korea will launch a provocation soon," he said, but added that North Korean forces had intensified their training recently. "We cannot rule out the possibility if the UN Security Council starts deliberating sanctions. The US and South Korea are

now considering holding their joint Team Spirit military exercise some time this spring or summer, with late April being the earliest date, he added. The timing of the exercise is being determined by the arrival of 48 US Patriot missile launchers. which are not expected until mid-April. They will join the exercise. Mr Rhee said North Korea had only limited time to drop opposition to international nuclear

inspections if it wanted to stop Team Spirit. North Korean officials said yesterday that holding the exercises would be interpreted as a provocation. However, Mr Rhee said: "Once the government officially

Team Spirit, it will be difficult to ispend the exercise again." Mr Han Sung-joo, South Kor-ean foreign minister, said the key to resolving the nuclear dispute ly either in UN sanctions or securing China's co-operation in per-

announces the resumption of

suading Pyongyang to accept Neither South Korea nor the US intends to compromise on the basic issue of full inspections

FT WEATHER GUIDE

with North Korea, including the resumption of inter-Korean talks on mutual inspections as well as unrestricted access to the international Atomic Energy Agency.

South Korean president Kim Young-sam will leave today for six days in Japan and China to seek support in resolving the nuclear issue. His visit to Beijing, which begins on Monday, is the most crucial stage of the trip since he will ask Chinese presi dent Jiang Zemin to intervene with North Korea in the dispute. China has expressed opposition

In a mixed message, North Korea said yesterday it was prepared for new negotiations as well as for armed conflict. "As we have declared time and again, we are fully prepared to answer dialogue with dialogue and war with war." It denounced deployment of Patriot missiles, accusing the US of bringing the Korean peninsula "to the brink of war"

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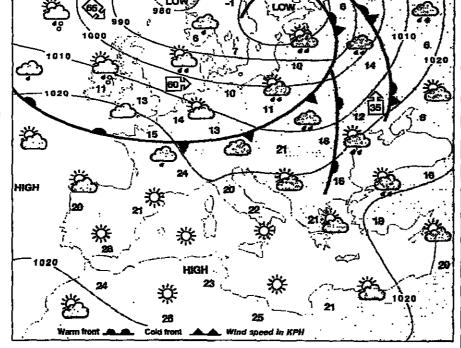
Europe today

mild air in the south will cause cloud and rainy conditions over northern France, southern Germany, southern Poland and western Russia. North of this zone, there will be sunshine and scattered showers, but western Scotland, northern ireland and south-west Norway will have showers, and occasional hail showers. The Scottish coast and the North Sea area will have dale force winds from the west. The central and northern districts of Scandinavia will have wintry conditions with sunny in the Mediterranean area and the Balkans will have occasional sunshine and broken cloud.

The zone between cool air in the north and

Five-day forecast

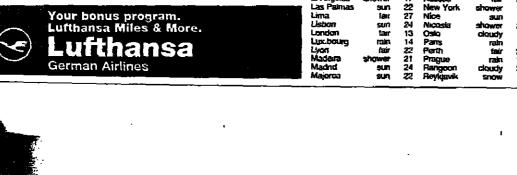
Conditions on the continent will remain unsettled as far south as the Alps, but will improve during the weekend, with sunshine and mild air. The UK will have fair conditions on Saturday, but on Sunday cloud and rain will arrive from the west. Unsettled conditions will persist in Scandinavia, though it will be warmer, Southern Europe will remain dry with plentiful sunshine, although scattered show will fall in Spain on Sunday.



TODAY'S TEMPERATURES

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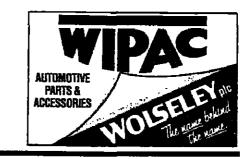
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IN BRIEF

Bank Austria wins GiroCredit

Bank Austria, the country's largest bank, has won the battle for control of GiroCredit, the country's third largest bank, banking sources in Vienna said last night. The takeover, which was due to be announced next week, will help reduce excessive competition in Austria's financial sector and boost Bank Austria's relatively weak position in the domestic capital markets. Page 16

Alfied Dumbar gets Hill Samuel's life sales Hill Samuel Hill Samuel, part of the TSB banking group of the UK, is to close the life and pensions part of its financial services arm to new business. Most of its direct sales force will be offered jobs at Allied Dumbar, the BAT subsidiary. Page 16

Halifax ready to cut rates
Halifax building society, the UK's largest, said
yesterday that if there were a further 0.25 percentage point cut in base lending rates then it would reduce its variable mortgage rates. Page 16

investors get picky on iPOs March has not been kind to the US market for initial public offerings of stock (IPOs). Northwest Airlines cut the price on its planned issue, then the Federal Reserve raised short-term interest rates. For the IPO market, both events should spell trouble. Page 17

US retailer expands in Japan Wal-Mart, the leading US discount retailer, and lto-Yokado, a large Japanese supermarket chain, have reached an agreement under which Wal-Mart will supply its own-brand products to the Japanese retailer. Page 18

Spring for equities in Kenya Nairobi's stock exchange has suddenly sprung to life. Back Page

Argyle is foreverThe Argyle diamond mine in the far north of Western Australia is pressing on with a project designed to ensure that Argyle remains the world's biggest diamond producer into the next decade. Page 24

Barratt sees rise in UK house prices The housing market recovery in the UK is gather ing pace with sales and prices expected to rise further in 1994 according to Sir Lawrie Barratt, chairman of Barratt Developments, which more than doubled interim pre-tax profits. Page 21

Bowthorpe 20% up in tough times Bowthorpe, the UK-based international electronic and electrical components group, reported a 20 per cent increase in pre-tax profits. The result was described by Mr John Westhead, chief executive, as "pleasing". Page 20

Lex Service, the UK's largest car distribution and leasing group, yesterday reported pre-tax profits, including exceptional items, of £101.5m (\$148m) in 1993 compared with £107m. Page 20

18 Jardine Matheson 18 KNP ST

22 Kingfisher 22 LWT

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Quality Software Ricardo Group

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Annual reports service Gifts prices Liffe aquity options Back Page London share service 28-27 London share service Managed funds service Hew ind bond issues Recent issues, UK Short-term int rates World Stock Markets

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THE FINANCIAL TIMES LIMITED 1994 Nordbanken

rebounds from bail-out

By Hugh Carnegy in Stockholm

Nordbanken, which the Swedish government rescued from collapse with a SKr51bn bail-out, yesterday announced an annual operating profit of SKr2.7bn (\$344m), making it the country's most profitable bank in 1993.

This is bound to reinforce complaints by Handelsbanken, Skandinaviska Enskilda Banken and the other Swedish banks that the scale of state assistance to Nordbanken gave it an unfair competitive advantage.
The profit followed a record

loss of SKr16.6bn in 1992 when Nordbanken became the biggest victim of a loan-loss crisis which swept through the Swedish banking system. Its spectacular return to the black outstripped the profit of SKr1.8hn achieved last year by Svenska Handelsbanken, which avoided the worst of the credit loss slump. The 1993 results clearly showed

the effects of the state's bail-out on Nordbanken. The off-loading of SKr67bn of bad loans to Securum, a separately run "bad bank", meant credit losses, mostly accrued in the property sector, tumbled to SKr4.2bn from Non-performing loans stood at

than SKr39.4bn in 1992. Provisions for problem loans were set at SKr6.3bn compared with Nordbanken received capital

injections from the state worth SKr16bn, while the authorities used a further SKr35bn of taxpayers' money to capitalise Securum. In addition, at the turn of the year Nordbanken took over Gota Bank, another victim of the crisis bailed out at great expense by the state. Nordbanken did not consolidate Gota Bank in its 1993 accounts.

The authorities have responded to other banks' criticisms by pointing out that Nordbanken is having to spend SKr3bn in fur-ther recapitalisation needed at Gota Bank. Gota earlier this week announced an operating loss in 1993 of SKr13.6bn despite the injection of SKr20bn in state funds and a bad loan laundering arrangement similar to the Securum operation at Nordbanken.

At the underlying level, Nordbanken said profits before credit losses rose sharply because of falling interest rates and higher investment income. Excluding the effects of the Securum operation, profits before credit losses

Darty pushes Kingfisher to 51% advance

By Peggy Hollinger in London

Kingfisher shares fell yesterday in spite of better than expected results, reflecting disappointment formance in the UK.

Pre-tax profits of £309.3m (\$450m), a rise of 51 per cent, were £10m ahead of expectations. Sales were 26 per cent ahead at £4.48hm.

The profit advance was largely fuelled by a £79.2m operating contribution from Darty, the French electricals retailer acquired in February last year for £1bn. Interest charges were lower than expected at £7.6m and the property contribution jumped from £8.1m to £43m.

Operating profits from the main UK retailing businesses, where Kingfisher launched a strategy of everyday low pricing last year, fell 3 per cent. One analyst described the returns from Comet, Woolworths, B&Q and Superdrug as "a bit dis-

appointing".

The shares fell 9p to 561p, and have dropped 22 per cent since January's trading statement after which analysts downgraded expectations from £315m to £300m. Analysts indicated that 1995 forecasts would be trimmed.

Sir Geoffrey Mulcahy, chairman, rejected criticism of the low price policy. "It is designed to attack the lower growth and more competitive retail environment of the 1990s," he said

Kingfisher has decided to step up introduction of electronic points of sale throughout the group to help cut costs. Sir Geoffrey said the results demonstrated the "soundness of both Kingfisher's businesses and its balance sheet". Debt was reduced from 66 to 33 per cent of shareholders

Darty had been "particularly encouraging", said Sir Geoffrey, "given the recession in France". The group had increased market share in an intensely competitive environment, and deliberately avoided chasing lower-margin

The chairman would not comment on current trading. How-ever, Kinglisher has decided to make two trading statements a year in addition to announcing

its results. The dividend was raised 10 per cent to 10.5p, for a total 9 per cent higher at 14.9p. Fully diluted earnings rose 15

per cent to 36.9p. Details, Page 20; Lex, Page 14; Selling it cheap, Page 9

Lasmo falls after weak oil prices

Lasmo, one of the UK's largest oil exploration and production comnies, yesterday passed its final dividend as it struggled to come to terms with continuing oil price

It reported a pre-tax loss of £9m (\$13.4m), against a restated defi-cit of £262m. After tax and dividend payments, the amount withdrawn from reserves was £141m. The loss per share was 17.5p, reduced from 52.3p. The group said the loss attrib-

utable to shareholders before exceptional charges was £59m, compared with a £34m profit. Mr Joe Darby, chief executive, said oil prices lingering around the \$13-\$14 a barrel level for Brent Blend constituted the "exceptional circumstances" that

caused the board to chop the final dividend. It promised last year to make a final 2p payout to equal the previous 3.3p total. "We thought the 1.3p announced at the time of the interim results was enough." he

said. The decision would save £20m cash. The future annual dividend would be 1p, until "an increase can be justified". pany to make a £120m provision

accommodation platform at the UK Claymore field. UK tax changes allowed the release of £45m provisions, leaving a net exceptional charge of £72m. Turnover was £678m, up from

2621m, as production rose 10 per cent to 167,000 barrels a day of oil equivalent (including natural gas). Operating profits totalled £110m. against £112m.

Lasmo's vulnerability to low prices was illustrated by an average cost of sales of £8.15 a barrel, compared with current sterling price of about £9.30. The company aims to trim unit operating costs of £4.10 a barrel by 10 per cent this year and by 25 per cent in real terms over the next four

A shift towards lower cost production was highlighted by yesterday's announcement of the £84m sale of Lasmo's interests in the high-cost mature Ninian field in the North Sea.

Year-end gearing was reduced from 110 to 75 per cent, on net debt of £794m. The company has extensive development programmes, and Mr Darby acknowledged that the target of keeping gearing to 80-90 per cent Low oil prices caused the company to make a £120m provision against assets including fields in Lex, Page 14; Details, Page 21

Simon Holberton reports on trading group's delisting from Hong Kong Sunset in the east

Jardine Matheson Holdings

ardine Matheson, the British trading company most asso-ciated with the founding of Hong Kong more than 150 years ago, is to cease trading its shares on the colony's stock exchange at the end of this year. Mr Henry Keswick, the compa-ny's chairman, said yesterday

Jardine had been unable to persuade the Securities and Futures Commission (SFC), Hong Kong's corporate watchdog, to relinquish its regulatory oversight of the company in favour of arrangements which Jardine had entered into with the monetary authorities of Bermuda, its place of incorporation.

At Jardine's request the Bermudan authorities had enacted laws to bring the company and its subsidiaries under a statutory version of the London Takeover Code. The SFC said it did not believe the Bermudan authorities had the experience to regulate a Hong Kong-listed company and could not, therefore, provide adequate investor protection.

Jardine's announcement brings to an end a 10-year process of disengagement from Hong Kong's regulatory regime. In March 1984 the company announced it would move its domicile to Bermuda; in March 1991 it said it would move its primary stock exchange listing to London. Other members of the Jardine group, including Jardine Strategic, Dairy Farm, Mandarin Oriental, and Hongkong Land are expected to announce their intention to delist in due

Jardine's shares have been traded in Hong Kong since 1961 when the heirs of Mr William Jardine and Mr James Matheson took the company public. Its decision to delist - 2½ years before the resumption of Chinese sovereignty - seems a wretched move for a company which can trace its antecedents back to the 1830s in Canton. It was on the encouragement of Mr William Jardine, one of the company's co-founders, that Lord Palmerston agreed to the occupation of Chinese territory to promote Anglo-Chinese trade. This led to the seizure of Hong Kong in 1841. Since then the company has

had a chequered relationship with China. It was Jardine Matheson which made its fortune trading opium in China and built China's first railway. It was Jardine executives who ran the the revolution. And it was Sir John Keswick, taipan, or "big boss", and friend of Chinese premier Zhou Enlai, who signed over Jardine's assets to the commu-The decision to quit the Hong

Kong stock exchange was visceral rather than logical, in spite of the elegant glosses supplied by Sir Charles Powell, a Jardine board director. He argued that delisting was a technical measure to complete a process of bringing

Rescue to be

struck today

for Crédit

Lyonnais

By Alice Rawsthorn in Paris

Mr Edmond Alphandéry, the

French economy minister, will

today finalise a rescue package to recapitalise Crédit Lyonnais,

the troubled banking group.

Details of the package will be announced this evening with Crédit Lyonnais' 1993 results.

The deal is understood to include

a capital injection of at least FFr4bn (\$678m). It will transfer

most of the non-performing prop-

erty loans into a new state-con-

trolled company with the gov-

ernment guaranteeing about

The ministry yesterday stressed that the exact size of the

capital increase would not be

decided until Mr Alphandéry had

seen the 1993 accounts. He would then decide what proportion of

the transferred loans would be

Crédit Lyomais' accounts will

be presented to a board meeting

today and then be shown to Mr

Officials declined to comment

on French press reports that the

Caisse des Dépôts, the state

financial institution, would par-

ticipate in the capital injection

together with Thomson, the elec-

tronics group that owns 21.6 per cent of Crédit Lyonnais.

Analysts are braced for a

ghastly set of 1993 figures with a

net loss of up to FFr5bn for 1993

against FFr1.85bn in 1992, after

Mr Jean Peyrelevade, who

became chairman last November.

made hefty provisions on the

bank's weak loans and failed

investments. Ms Sheila Garrard,

banking analyst at Lehman

Brothers, said: "All we can do is

guess that the new chairman will clear everything out."

FFr15bn of those loans.

guaranteed by the state.

the company under UK law, begging the question of why it was necessary to do so in the first

Jardine's top managers - the brothers Henry and Simon Keswick - lack faith in the ability of the SFC and stock exchange to administer a level regulatory playing field in the colony after China resumes sovereignty in 1997. In any case, their roots are increasingly in the UK. On the corporate side, through Hongkong Land, they moved last year to control Trafalgar House, the construction and engineering group, and through Dairy Farm International they control Kwik-Save, the food retailer. At a personal level. Henry sits on the board of the Telegraph newspaper, and his wife is an adviser to Mr Kenneth Clarke, the UK chan-

Jardine, which employed 250,000 people in China in 1949 when the Communist Party assumed power, fears the possibility of asset appropriation through arbitrary decision making by regulators.

Under the arrangements which it has fashioned for itself, the final judicial arbiter in any legal dispute will be the Privy Council in London; in Hong Kong post-1997, the final arbiter would be the standing committee of the Chinese National People's Con-

For Jardine there was no choice. But it also put the SFC in an impossible position. The SFC would have been implicitly endorsing Jardine's view of post-1997 Hong Kong had it agreed to let the Bermudan authorities regulate the company while it remained listed in Hong Kong. The company's fears appear to be limited to itself. A

decade ago such an announcement would have sent stock prices lower in Hong Kong, but yesterday prices rose strongly. The Hang Seng Index ended 453.36, or 5.03 per cent, higher at 9,465.53. A lot of market activity was centred on investors chasing stocks which might be candidates for the Hang Seng Index slots which Jardine and its affiliates will relinquish when they withdraw from the market. Mr Charles Lee, chairman of the Hong Kong Stock Exchange, said the exchange had "noted" Jardine's statement. He pointed out that Jardine Matheson accounted for only 1.66 per cent of the stock market's capitalisation. The stock exchange had

made it plain that it saw its future with China. Jardine's position on the mainland must be under question.

Perversely it has one of the largest business presences in China. The Jardine group has 60 joint ventures and other businesses with turnover of about \$1bn a year. Although, according to Peregrine, a local brokerage, the Jar-dine group of companies has sold HK\$7.4bn (\$958m) of assets in Hong Kong since 1989 and invested HK\$9.8bn outside the colony. Jardine Matheson has been an investor in Hong Kong to the value of nearly HK\$1bn.

Mr Nigel Rich, Jardine taipan, said yesterday that delisting may have some impact on the company's business in China but he did not expect it to be of a "significant nature". It is possible that by being less public Jardine may be able to go about its business more quietly. It share price will cease to function as a barometer of Anglo-Chinese relations. Before vesterday's announce

ment the company was trading on a prospective 1994 price/earn ings multiple of around 10.5 times. This compares with Inchcape, the UK-listed trading group, which was trading on about 17 times. As Peregrine tartly observed: "There is a possibility of an upward re-rating of Jardine Matheson if its principal audience was London and not Hong Kong.

Results, Page 18

Hongkong Land Profit after taxation and outside interests Shareholders' funds 1993 total USS388.8--1993 total US\$2,720,4m South-east Asia North-east Asia 31.5 57.2 Europe & 241.2 190.0 Middle East North Americ North Americ Hong Kong 1,773.2

for Jardine's stock

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INTERNATIONAL COMPANIES AND FINANCE

Vard may

agree to

demands

for EGM

By Karen Fossii in Oslo

Vard, the troubled Norwegian

cruise and ferry group, is

expected today to announce an

extraordinary general meeting

to consider demands of disgruntled shareholders seeking

to force a sweeping reorgani-

sation of the board to reflect

recent changes in the group's

Shareholders have expressed

dissatisfaction with the way

Vard is being run, frustration over losses and claims that the board has failed to implement

a strategy to dispose of assets

However, US-based Radisson

Diamond is reported to be

seeking to acquire one of

Vard's three cruise lines for an estimated \$250m. Mr Torstein

Hagen, a Vard board member

and member of the board of

Kloster Cruise, the group's

cruise unit, is also reported to

be considering a separate bid.

board member and chairman of the board of Kloster Cruise,

was forced recently to make a

large disposal of Vard shares.

shrinking his stake to just

Mr Knut Kloster Jr, a Vard

in order to reduce the group's

wnership structure.

Bank Austria wins battle for control of GiroCredit

resign when their contracts

By Patrick Blum and lan Rodger in Vienna

Bank Austria, the country's largest bank, has won the battle for control of GiroCredit. the country's third largest bank, banking sources in Vienna said last night

The takeover, which was due to be announced next week. will help reduce excessive competition in Austria's financial sector and lift Bank Austria's relatively weak presence in the domestic capital markets. The outcome followed

quickly after the threat on Monday by the four executive directors of GiroCredit to

expire at the end of June. The executives said they acted out of frustration with

the stalemate over strategy on the bank's supervisory board. GiroCredit is owned by Austria's savings banks, which use it as a central clearing organi-

banks groups, Bank Austria and First Austrian, with 30 per cent and 20 per cent stakes respectively, have resented GiroCredit's competition against them.

To break the stalemate, First Austrian proposed last spring forming a consortium of savings banks to buy out Bank Austria. But it faced considerable difficulty convincing the savings banks of the merit of its proposal.

On March 1. Bank Austria, frustrated with the delay, launched a bid for 20.4 per cent of GiroCredit at Sch370 per

Last weekend, at a meeting of five large provincial savings banks, it became clear that only one would reject the Bank Austria proposal.

Bank Austria has since sweetened its offer, and is offering Sch400 per share for all GiroCredit shares

reached in May this year Hypo-Bank earlier this week reported that provisioning for bad and doubtful debts climbed by 31.1 per cent to DM1.16bn and warned that the bad debt situation is unlikely to

improve until 1995. The rise in provisions was offset by an increase in profits from own account trading as well as from lending business and fee income, a pattern likely to be repeated today. Both the big Bavarian banks

over 7 per cent and thereby reducing his influence over the group.

Following the disposal, Uni Storebrand, Norway's biggest insurer, emerged as Vard's biggest shareholder, owning just under 10 per cent of the

> Vard's divided board could see the exit of Mr Terje Mikalsen, chairman, Mr Kloster Jr, Mrs Trine Kloster, his mother, and close friend Mr Joergen

share capital.

Mr Trygve Hegnar, a board member and second biggest shareholder – who is aligned with dissident shareholders is said to harbour hopes of becoming chairman, while Uni Storebrand is widely expected to demand board representa-

Shareholder frustration swelled in January when a \$565m deal to dispose of two of the group's three up-market cruise lines collapsed, but became exacerbated by last month's announcement of deeper losses in 1993.

BNP hit by bad loan provisions In spite of the pressures on Banque Nationale de Paris, the

French banking group that last autumn staged a highly successful privatisation, yesterday announced that net profits fell by 53 per cent to FFr1.02bn (\$172.9m) in1993 from

Mr Michel Pébereau, who last summer was appointed chairman of BNP to spearhead its sale to the private sector, had warned the stock market of the fall in profits.

FF12.17bn in 1992.

Mr Pébereau said yesterday that the group had been affected "by the difficult economic environment across continental Europe, particularly in to

the French banking sector, which has for the past two years been depressed by weak demand for credit, BNP managed to increase its net banking income by 4.9 per cent to FFr41.46bn in 1993 from FFr39.52bn in the previous

The group made progress in cutting costs and, like other French banks, benefited from a strong performance in market trading, notably during the summer currency crisis.

As a result, operating profits

However, BNP was forced to make large provisions on its sour loans to corporate clients and on the fall in value of some investments, principally in the property sector.

It raised its total provisions by 43.8 per cent to FFr10.81bn in 1993 from FF17.52bn in 1992. The scale of this increase was exaggerated by the absence of a FFr1.59bn writeback on previous sovereign risk provisions in 1992.

BNP was forced in 1993 to make an additional writedown of FFr176m on sovereign risks rose faster than revenue, and raised provisions on its commercial banking business increasing by 8.5 per cent commercial banking business to FFr12.46bn in 1993 by 16.7 per cent to FFr10.68bn.

● Alcatel-Aisthom, the telecoms and engineering group, will today become the latest French company to take advantage of the buoyant bond market by launching a FF15bn convertible bond issue.

The group said the timing of the issue, which will involve the launch of 6.25m bonds with a nominal value of FFr800, was purely opportunistic. "We'll use the proceeds to finance our long term expansion plans," it said. However, Alcatel is likely to use part of the cash to regain control of Framatome, the public-sector nuclear power group that it once controlle but in which it now has a 44 per cent holding.

Bayerische Vereinsbank climbs

bank which reported earlier this week. It means that

Vereinsbank's profits growth

accelerated in the last two

months of 1993 following a 27

per cent rise in the first 10

Bayerische Vereinsbank,

which has just below a quarter

of the domestic mortgage mar-

ket, said the dividend would

increase by DM3 to DM16. Half

the increase is designed to

pass on to shareholders the

months of the year.

By David Waller in Frankfurt

Bayerische Vereinsbank vesterday became the second large German bank to report substantial growth in profits for 1993. The Munich-based Vereinsbank said group operating profits after provisions for bad and doubtful debts increased by 32 per cent to DM1.16bn (\$687m).

The increase, more details of which will be revealed today. follows a 33 per cent increase in profits from Bayerische Hypotheken und Wechsel Bank, the other big Bayarian

Halifax will cut

day that if there were a further

0.25 percentage point cut in

Announcing a 27 per cent

base rate falls

By Alison Smith

benefits of reduced corporate taxation: the other half is a have a high exposure to mortspecial dividend to celebrate the bank's 125th anniversary was buoyant last year.

base lending rates then it would reduce its variable mortrise in pre-tax profits to £866m

(\$1.26bn) for 1993-94, chairman Mr Jon Foulds made it clear, however, that a cut in rates to horrowers would also mean reductions for savers. Halifax attracted £1.1bn in retail savings last year, taking retail funds and deposits to £51.6bn. | which has 4,300 sales agents.

Hill Samuel closes life

These securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States except in accordance with the resale restrictions applicable thereto. These securities having been previously sold, this announcement appears as a matter of record only

Arvind

The Arvind Mills Limited (Incorporated in the Republic of India as a public company with limited liability)

12,781,186 Global Depositary Shares

Representing 12,781,186 Equity Shares

The Hill Samuel concern will be saved the cost of attracting sales, although it will continue to service existing life and pen-sion policyholders. The funds will be managed by its invest-

switched out of life products.

Topdanmark returns to profit

By Hitary Barnes in Copenhagen

Topdanmark, the Danish insurance group, returned to profit of DKr107m (\$16m) in 1993 after losing DKr53m in 1992 and DKr273m in 1991. A dividend of DKr10 was proposed for 1993. No dividend was paid for 1992.

The return to profit was due primarily to gains on securities in the buoyant Danish bond and share market last year. Capital gains soared to DKr348m, from DKr58m in There was an operating loss

of DKr274m following on losses of DKr111m in 1992 and DKr347m in 1991.

operations of DKr107m compared with a 1992 loss of DKr50m. But after capital income profit increased to DKr372m from DKr192m in Total premium income was

made a profit on insurance

unchanged at DKr3.2bn. Administration costs were cut to DKr715m from DKr808m. Group equity capital at the end of last year was DKr2.53bn,

up by DKr100m from 1992. DKr30.07bn fro DKr28.72bn. • The Lauritzen shipping and shipbuilding group moved into deficit of DKr171m (\$25,5m) last year after making a net profit of DKr83m in 1992.

rigs, bulk tankers and refrigerated cargo vessels for the poor performance. It added that the European Union's imposition of quotas on bananas imported from South America and tariffs on fruit from Argentina and Chile had an adverse effect on the result of its refrigerated cargo operations.

Group sales slipped to DKr13.48bn from DKr13.96bn. There was a loss of DKr153m after net financial items compared with a 1992 profit of DKr146m. There was an extraordinary DKr110m writedown of the value of drilling rigs and only DKr8m income from the sale of ships.

The parent company, Laur-OKr347m in 1991. The group blamed weak mar- itzen Holding, will pay no divi-The insurance divisions kets for gas tankers, drilling dend for 1993, the group said.

public offer oversubscribed By Hugh Carnegy

AssiDomän

The Swedish government said yesterday its sale to the public of a 34 per cent stake in Assi-Domän, the forestry group, bad been more than two times sub-

Combined with a further 15 per cent placed with Swedish and foreign institutions, the sale will raise SKr7.6bn

Mr Per Westerberg, the industry minister, said he intended to go ahead with the even larger privatisation in June of Pharmacia, the statecontrolled pharmaceutical group spun off last year from

That issue could raise as much as SKr16bn at current market prices, but some doubts have been raised about the timing due to a spate of new issues in the Swedish market this year and the apparent end of a recent bull market.

Mr Westerberg said market conditions would dictate how much of the state's 45 per cent stake would be sold off this year but the intention was to dispose of the entire holding.

Some 590,000 Swedes applied for 86m shares in AssiDoman, 23 times the 37.5m on offer. The shares, to be listed from April 8, were priced at SKr138 for the public, a discount from the price of SKr153 set for institutions which valued the group at more than SKr16bn.

mortgage rate if and pensions operation By Alison Smith in London Halifax, the leading building society in the UK, , said yester-

Hill Samuel, part of the TSB group, is to close the life and pensions part of its financial services arm to new business. Most of its direct sales force will be offered jobs at Allied Dunbar, the BAT subsidiary. In return for what Allied Duphar called a small payment, it will have the option to

recruit the 600-plus sales force. The move is a sign of muchexpected rationalisation within the crowded life industry. The transfer will mean an increase in size for Allied Dunbar

The decision marks a further step in TSB's strategy for Hill Samuel, which is to focus on its merchant banking and investment management activ-

ment management arm.

In the year to October 1993, profits in the financial services business fell by £4m to £13m (\$20m) - in spite of higher unit trust sales - as customers

KNP BT, the Dutch paper and

packaging group, expects to see a strong return to profit in 1994 after falling deeply into the red in 1993 as a result of heavy restructuring costs and difficult trading conditions in Europe, the company's main market.

By Ronald van de Krol

Mr Robert van Oordt, chairman, said net profit would bounce back to at least Fl 100m (852.6m) in 1994 from a net loss of Fl 343m in 1993, when results were influenced by extraordinary charges of to F10.45. The company attri-F1 320m. In 1992, KNP BT buted the limited decline paper prices in late 1993.

posted a pro forma net profit of FI 116m.

KNP slides to Fl 343m net loss

The company, created in March 1993 out of a merger between the Netherlands' three leading paper and packaging companies, was confronted with declining demand, overcapacity and lower sales prices in Europe last year at a time when it was trying to integrate its operations. The merger took place

against the backdrop of the "deepest and most prolonged" decline in paper prices in 20 years, Mr van Oordt said. The dividend is cut by Fi 0.10

in the pay-out to its expectations of a strong improvement

At the operating level, profit fell sharply to Fl 294m last year from F1 538m in 1992. Of the group's four main

businesses, only the paper mer-chandising and office products sector managed to hold operating results at 1992 levels. The paper sector and the graphic and information systems sector reversed into operating losses. while operating profits in packaging fell to Fl 295m from

Mr van Oordt said he was

Jardines Highlights 1993

Jardine Matheson

Another Record Year

Profit after taxation and outside interests Earnings per share

Dividends per share

Net asset value per share

Outstanding performance by Jardine Fleming New investments lay foundation for future expansion Hong Kong property values boost Shareholders' funds

*Over the years, Jardine Matheson, together with its affiliates, has become a multinational business employing more than 200,000 people in over 30 countries around the world. Its particular strength is in the Asia-Pacific Region, which remains the world's prime growth area, but the Group also has extensive investments elsewhere, which hold promise for the future. While it is too early to forecast how earnings will develop in 1994, the Group's financial strength and diversity of business allow it to look forward with confidence.

+ 21%

+ 18%

+ 34%

Henry Keswick, Chairman 23rd March 1994

> 1993 RESULTS Year ended 31st Decemb USSm US\$m Turnover 8,424,5 7,899.5 Operating profit 362.0 Share of profits less losses of associates Net interest expense 362.1 (10.6)Profit before taxation 687.4 - Company and subsidiary undertailings (52.8)(77.8)Profit after texation 664.3 556.8 (240.0) Profit after taxation and outside interests 38R.8 Extraordinary items 35.2 Profit attributable to Shareholders 347.5 (128.3)(110.0)Retained profit for the year 295.7 237.5 Shareholders' funds 2.720.4 2,007.3 USc Earnings per share 67.21 56.97 -- fully-diluted 54.59 Dividends per share 18.70

Jardine Matheson Holdings Limited Incorporated in Bermuda with limited liability

The final dividend of USc15.20 per share will be psyable on 10th June 1994, subject to approval at the Annual General Meeting to be held on 2nd June 1994, to Sharsholders on the register of members at the close of beginess on 15th April 1994 and will be available in Ossti with a sorty attemptive. The share registers will be closed from 18th to 22nd April 1994 inclusive. The dividend will be available in United States Dollars, Hong Kong Dollars or Starling. Shareholders on the International branch register will receive United States Dollars while Shareholders on the International branch register will receive United States Dollars, unless they elect for one of the alternative currencies by notifying the Company's registrars or muscler aperies by 20th May 1994. Shareholders are held through the Central Depository System in Singapore (CDP) will receive Hong Kong Dollars, unless they elect through CDP to receive United States Dollars.

Certain of these securities have been sold outside of the United States by the undersigned Goldman Sachs (Asia) Limited

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Special Advisor to the Offerings Kotak Mahindra Finance Limited

February 1994

Seagram back in the black with \$379m for year

By Robert Gibbens in Montreal

Seagram, one of the world's top drinks groups, said yesterday the recession in several key markets had burt operating results for 1993, but its performance in the US, Germany, Asia and Latin America had strengthened significantly.

For the year ended January 31 1994, net income was US\$379m or \$1.02 a share, against a loss of \$900m or \$2.38 a year earlier, which included a special charge of \$1.374bn or \$3.64 a share. The charge reflected accounting changes stemming from its investment in Du Pont, the US chemical

Excluding the accounting changes and other one-time charges by 24.5 per cent-held Du Pont, Seagram's net income was \$1.75 a share, against \$1.61

Seagram, controlled by the New York and Montreal Bronf-

ness of \$6.04bn for the year. against \$6.1bn last time. Its Tropicana juice subsidiary reported a 19 per cent gain in operating profit to \$102m.

income from its drinks busi-

Fourth-quarter net income from the drinks and dividends equalled 45 cents a share. against 46 cents while revenues were little changed at Results from Absolut Vodka.

for which Seagram recently bought marketing rights, were not included in 1993. Earlier this month, Seagram raised its holding in Time

Warner, the multimedia giant to 13.2 per cent for a total \$1.7bn. Seagram said it would stop at 15 per cent, a total investment of \$2bn. The Canadian group has denied planning a proxy fight for Time Warner control.

Analysts now value Time Warner at about US\$40hn

MasterCard gains ground on Visa

By Richard Waters in New York

MasterCard International made further inroads last year into the dominant market position of its bigger rival, Visa International, as the transaction volume handled by the payment

system rose 28.1 per cent.

MasterCard's volume increase, to \$320.6bn, was driven partly by its earlier entry into co-branded credit cards. Last week Visa reported a 16.9 per cent gain in volume

last year, to \$542.2bm. The marked difference in the two organisations' growth rates means that, while Visa remains the leading international payment system. Master-Card's volume has risen to 59 per cent of its rival's, compared with 54 per cent the year

Speaking yesterday at MasterCard's annual meeting in New York, outgoing chair man Mr Pete Hart said the growth had come from a focus on providing better value to

The battle for market share among credit-card companies in the 1990s has turned largely on the benefits for using cards, such as free air tickets. In the US, which accounted last year for around 43 per cent

of each group's volume, MasterCard volume rose to \$139.1bn, a gain of 23.4 per cent, while Visa increased to \$229.9bn, a rise of 18.2 per Mr Peter Dimsey, head of the US region, said MasterCard's

operations there had been

revitalised" by its involve

ment in co-branding and devel-oping point-of-sale debit cards.

Debenture holders' warning to Trizec

By Robert Gibbens

Senior debenture holders of Trizec, the biggest property group, have warned they will move quickly to take control if agreement on a recapitalisation package is not reached by

Mr Derek Tay, spokesman for the debenture holders, said Trizec's proposal to negotiate a C\$600m (US\$429m) third-party equity infusion by March 31 does not look promising as a solution, based on what they have shown us".

Senior debtholders are owed C\$1.2bn. If they quickly seized assets after March 31, junior debt holders and preferred and common shareholders would

probably end up with nothing. Trizec, hit by the property market collapse in North America, and with insufficient cashflow to service debt, said its primary alm was to have a recapitalisation plan accepted so the company could survive

 Abitibi-Price, the North American pulp and paper group, plans to raise C\$173.5m of new equity next month with a public issue of common stock at \$17.35 a share.

The proceeds will go to urgent capital projects, debt refinancing and working

The issue is being underwritten by a syndicate led by Nesbit Thomson and is not being registered in the US.

Salomon loses M&A man to Perella

By Patrick Harverson in New York

Wasserstein Pereila, the US investment banking boutique, announced that Mr Fred Seegal had joined the firm as co-president. He had been joint head of domestic corporate finance at Salomon Brothers. Mr Seegal's appointment -

the latest in a series of defections by top Wall Street investnent bankers working in the booming mergers and acquisi-tions business - is Wasser-stein Perella's first significant hiring since co-founder Mr Joseph Perella left the firm last July.

After the departure of Mr Perella – who has since moved o Morgan Stanley – the firm lost another senior executive when its president, Mr Charles Ward, went to First Boston. Mr Bruce Wasserstein, current chairman and founder of the advisory boutique with Mr Perella and two other First Boston executives in 1988, has been running the firm on his own since then.

Mr Seegal, who worked at Lehman Brothers before join-ing Salomon in 1990, is a specialist in advising companies in the media, telecommunications and entertainment industries.

However, it is likely he has been hired as much for his management skills as for his experience in the advisory and financing business. He will hare management responsibility with Mr Wasserstein. Mr Gary Parr, head of the financial institutions business, is the firm's other co-president.

Mr Seegal arrives at a crucial juncture for Wasserstein Perella, which has seen its position in the highly-competitive M&A business slip badly.

Canadian power group ahead 5.1%

By Robert Gibbens

Hydro-Quebec, one of Canada's biggest electric power utilities, posted ust profit of C\$761m (US\$567.9m) for 1993, up 5.1

per cent from 1992. Favourable natural conditions, tighter cost control and ower interest rates beloed the advance. The utility derives nearly all its power from

Total electricity sales were up 5.2 per cent, mainly due to higher industrial demand and higher exports to the US while sales revenue rose 3.5 per cent

Operating expenses, fuel, depreciation, amortisation and taxes were C\$3.76bn, up 3.6 per cent, but operating expenses alone advanced 1.7

Taxes plus debt guarantee fees totalled C\$650m, up from C\$594m in 1992.

Total investment was C\$4bn, slightly lower than 1992. Most of the money went to the new generating capacity in the No dividend will be paid.

March proves the cruellest month for IPOs

US investors are more selective about which offerings they buy, says Patrick Harverson

kind to the US market for initial public offerings of stock (IPOs). First, Northwest Airlines shook Wall Street by slashing the asking price on its planned \$400m public share issue, blaming weak investor demand for new stock. Then, a week later, the Federal Reserve raises short-term interest rates, the second monetary tightening in two months. For the booming IPO market, both events spell

Or do they? Northwest said it was lowering the price on its 20m-share IPO by almost a third because of the poor state of the market for stocks and new issues. A rise in interest rates is traditionally had for companies trying to sell new stock, because higher rates tend to depress shares prices and make shares look less attractive, compared with other investments. However the IPO market may be strong enough to withstand both

Take the Northwest deal. Although it was not the first issue of the year to encounter problems, the sight of a large IPO in trouble unnerved Wall

One investment banker said it should have worried the institutions which buy the bulk of IPOs. "Northwest was a big deal with big visibility. When they cut the price, it sent a loud message. If I were on the buy side, I would have to look at that and say: Whoa, what's going on here?

Yet airline industry analysts were quick to argue that the company was forced to per-

form emergency surgery on its IPO because of problems unique to the domestic airline business, and investment bankers were as quick to point out that the airline's failure to attract sufficient demand for its shares at the original asking price was not necessarily a reflection of a broader malaise in the IPO market.

They had a point. While volume has slipped from last year's record totals, the IPO market remains active. According to Securities Data, the US financial information group, \$41.7bn worth of IPOs were completed in the US last year, at an average of 59 deals worth \$3.47bn every month. So far this year, the average

number of deals per month is down only slightly at 54, while the average dollar value of deals is running at a still solid \$2.6bn a month. While IPO activity remains strong, conventional wisdom would suggest that the latest

increase in interest rates will

slow the market. Not necessarily, judging by how well the market held up after the first rate increase on February 4. That monetary tightening rattled bond and throughout February stock market conditions steadily deteriorated to a point where the climate for IPOs appeared to be less favourable than it

After the Fed's rate increase, however, IPO volume actually rose, climbing from 33 deals worth \$2 19bn in January, to 68 deals worth \$2.93bn in February. IPO volume this month deals worth \$2.72bn by

had been for more than a year.

VOLUME OF IPOS COMPLETED IN US 2.063.2 3.886.6

Source, Securities Data March 22 - is running at a Moreover, the most worrying

5,855.0

aspect of the February rate increase was the negative reaction it received in financial markets. But this latest tightening sent bond prices higher. not lower, as investors applauded the Fed's anti-infla-

Yet the skies above the IPO market are not entirely cloudfree. First. Wall Street is worried that if interest rates are on a long-term upward path. the flows of investor money into mutual funds will eventually reverse. Heavy demand for stock from mutual funds loaded with cash has been one of the main factors behind the long-running IPO boom, and without it, the IPO market

would clearly struggle.
Second, there have been signs recently that investors

about which IPOs they boy and any further increase in interest rates would only make them more cautious.

Mr David Komansky, head of debt and equity markets at Merrill Lynch, says; "For the four or five weeks . . . we've seen the IPO market become even more selective than before. There is still a very significant pipeline of deals, but I think this break in the market has caused a degree of uncertainty that will certainly make investors more quality conscious."

A banker from another big underwriting house concurs: "There is no question that the syndication process has got a little more difficult."

He believes the IPO market's immediate future depends on how quickly the bond and stock markets get over the interest rate increases, "Illtimately, the longer it takes to shake off the effects of the Fed's actions, the more skittish the buyer becomes and the more difficult it is to sell new product."

Ms Susan Hirsch, an analyst who tracks the performance of IPOs at Lehman Brothers, says there is no immediate cause for concern, but agrees that if long-term interest rates keep climbing, it could spell trouble. "If you get the long bond over 7 per cent, you start skirting with real problems."

Ms Hersch explains that most valuation models used by the growth-oriented investment institutions - traditionally big buyers of IPOs - are based on an assumption that the yield on the long bond stays at or below 7 per cent.

The long bond vield has risen from 6.2 per cent to more than 6.8 per cent since the Fed first raised rates, and if the yield climbs through 7 per cent, growth-oriented investors will start to look at different price-earnings models when judging whether to buy into IPOs. "It would have an effect on the IPO calendar for sure.

she says.

For now, however, the outlook remains reasonably bright. The fact that the bond market took Tuesday's rate increases in its stride, and that the bond yield dropped below 6.9 per cent, suggested the recent sell-off of government securities may have run its course, at least for now.

Moreover, because uncertainty generated by a shaky bond market has made investors wary of committing fresh funds to equities lately, there has been a significant build-up of cash on the sidelines

o, while investors are Slikely to be more selec-tive about which IPOs they buy, interest rates would have to rise much higher than current levels before investors would start putting their cash into investments other than equities, which still provide the best returns available at

As Mr Komansky of Merrill ynch says: "My own feeling is that there is a supply of megadeals out there, and if the markets can accommodate them dollar volume will be signifi cantly higher than people expect. But the number of

NTT links with Microsoft in software distribution venture

and Alan Cane in London

NTT. Japan's largest telecommunications carrier, and Microsoft, the world's leading software house, are co-operating in a novel method for the low-cost distribution of computer software.

Some observers believe the venture could result in the two companies eventually working closely on other aspects of multimedia, the delivery of a range of services to the office and the home through telecommunications channels.

By Hugh Carnegy In Stockholm

truck division.

Volvo, Sweden's biggest

manufacturer, yesterday appointed a new head for its

Mr Sten Langenius, who

built Volvo into one of the

world's top truck makers, is to

step aside after 17 years and

will be succeeded by Mr Karl-

Erling Trogen. It is the latest

move in a review of senior

management, begun since it

Volvo appoints new truck chief

A spokesperson for Microsoft, however, insisted that the

ance and no agreements had been signed. The venture is limited only to Japan. The software distribution system is designed to exploit

NTT's telecommunications network and expertise in software encryption, together with Microsoft's software skills. The idea is that Microsoft

programs will be distributed cheaply on CD-Rom disks. which can be read by a suitably equipped personal computer. The information will be in an encrypted or coded

Part of the program, however, will not be coded and can be inspected by a prospective

ompted the resignation of its

Mr Trogen, head of Volvo's

Mr Langenius, soon to reach

retirement, will remain a

full-time executive at Volvo as vice-president, with responsi-

bility for the smaller marine

long-time chairman Mr Pehr

US truck operation, was to have been in charge of truck operations in the ill-fated

Renault-Volvo company.

Gyllenhammar.

satisfied with the program, they will be able to license the entire software package by downloading a decryption key over the telephone network.

The plan is that NTT will profit from the use of its network, its encryption system and its payment collection methods, while Microsoft will henefit by distributing and licensing its software to a wider

Eventually, the two companies hope to develop a system where customers will be able to download software of their choice directly through network, rather like the "video-on-demand" services

Another top Gyllenhammar

executive, Mr Lennart Jeans-son, was left without a clear

merger plan. He had given up his position as head of the car

division to Mr Per-Erik Mohlin

in preparation to become

Mr Sören Gyll, chief execu-

tive, said management func-

tions within Volvo were still

nce chief of Renault-Volvo.

stner's plans to solve them but its executives are attempting scrapped a plan to merge with engine and aero engine divi-France's Renault, which sions.

ascending through the ceiling at the end of his presentation." joked Mr James Cannavino, IBM senior vice-president for strategy and development. function by the collapse of the

of New Media Associates, a New York industry consulting group, said: "He should unveil a broad set of initiatives in both the businesses the company is currently addressing and some new business areas." In particular, IBM watchers are anxious to hear how Mr

IBM recovery plan

Gerstner to unveil

By Louise Kehoe in San Francisco

Mr Lou Gerstner, chairman and chief executive of International Business Machines, is expected to unveil his strategies to return the ailing computer company to profitable growth at a meeting with analysts in New York tomorrow. For the past eight months IBM has been conducting a "thorough and detailed review" of its operations and Mr Gerstner is expected to dis-

cuss the preliminary results of iat review. Industry analysts are anticipating a frank discussion of IBM's problems and Mr Ger-

to temper high expectations for "The only way he could exceed expectations is by

However, Mr Mark Stahlman

problems of its shrinking mainframe computer business. Last year sales of IBM's mainframes declined by 27.6 per cent to

Similarly, analysts anticipate some direction from Mr Gerstner on the company's storage products division, which has seen its sales decline by 18 per cent over the past year to

IBM also needs to find ways to make its \$9.7bn personal computer husiness more profitable and to boost earnings irom its growing services bus ness, which also recorded revenues of \$9.7bn last year, an increase of 32 per cent.

The ailing computer company must also make decisions about investments in new semiconductor production, the core technology of its hardware products, and assigning research and development funds to new areas of potential

Mr Gerstner is also expected to announce new initiatives to address the emerging market for broadband multimedia communications

Yet the first public discussion of Mr Gerstner's strategic plans for IBM since he joined the company almost 12 months ago, is certain to receive broad well as industry analysts.



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International Offering / March 1994



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INTERNATIONAL COMPANIES AND FINANCE

Jardine Matheson lifts profits by 23% to \$389m

Jardine Matheson, one of Hong Kong's oldest trading conglomerates, yesterday attempted to deflect attention away from its planned de-listing from Hong Kong to its 23 per cent rise in net profits to US\$388.8m last year, up from \$316.8m in 1992. Mr Charles Powell, director,

be judged not by where it is listed but by its results, and the results announced today are excellent." Analysts fought shy of the

term "excellent", saying the results, while strong, were broadly in line with expecta-

Earnings were lifted by a strong performance at Jardine chant banking joint venture between Jardine Matheson and

By Louise Lucas in Hong Kong Robert Fleming, the UK merchant bank.

On Tuesday, Jardine Fleming reported a 166 per cent leap in net profits to US\$202m, half of which accrues to Jardine Matheson.

Jardine Fleming contributed a 26 per cent slice of total net profits, compared with 12 per cent in 1992. Conversely, the contribution from Jardine Pacific, the trading and services arm, slumped to 42 per cent from 50 per cent the previous year.

Mr Nigel Rich, managing director, attributed the fall to poor results from Japan and a disappointing performance on the shipping side.

Geographically, the biggest upturn came from south-east Asia, where net profits rose to \$57.2m from \$21.5m the previous year. Earnings from Hong 18 per cent.

Kong and China improved at a much more modest rate, up to \$224.3m from \$207.2m.

Mr Henry Keswick, chairman, said: "Jardine Matheson's particular strength is in the Asia-Pacific region, which remains the world's prime growth area, but the group also has extensive investments elsewhere, which hold promise for the future."

Total turnover climbed by 7 per cent to \$84bn, from \$7.9bn the previous year. Fully diluted earnings per share rose by 21 per cent to 66.31 cents from 54.59 cents. Net asset value per share increased by 34

per cent to \$4.66. The directors will recom-mend a dividend of 15.20 cents per share which gives a total payout of 22 cents. This represents an increase over 1992 of

> union agreements at its two Fortex had also been one of the darlings of the New Zea-land Stock Exchange. The shares traded as high as NZ\$2.65 in 1992 before falling to NZ\$1.00 earlier this month and to only 6 cents at the close of trading last night.

Receivers

to NZ meat

called in

processor

By Terry Hall in Wellington

Fortex, the New Zealand company credited with leading

the way in the reform of the

country's meat processing

industry, was yesterday placed

in receivership by a group of

trading banks. Talks about the company's

financial problems began last

week, following a statement

that the company expected to lose up to NZ\$50m (US\$28.5m)

in the six months to February

28 because of intense competi-

tive pressures in the meat

industry.

The failure of the company

is an embarrassment for the government, which had extolled the virtues of its hav-

ing the latest plant and

machinery, new marketing technology and cost-saving

Cathay Pacific to acquire 75% stake in Air HK

By Louise Lucas

Cathay Pacific Airways, the Hong Kong airline controlled by Swire Pacific, is to acquire a 75 per cent stake in Air Hong Kong, an air freight carrier based in the colony, from Shun Tak Holdings, the Macao jetfoil, property and restau-

review.

the business as a stand-alone

such as maintenance, marketing and route planning. Air Hong Kong currently leases a fleet of three Boeing 747 freighters.

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In accordance with the provisions of the Notes, notice is hereby given that, for the three month period, 22nd March, 1994 to 22nd June, 1994, the Notes will bear interest at the casts of \$45 ore controller.

rate of 5.45 per cent, per annum. Coupon No. 1 will therefore be payable on 22nd une, 1994 at £13.74 in respec

cach £1,000 principal amount of the Notes.

S.G.Warburg & Co. Ltd.

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ANSETT AIRCRAFT

FINANCE LTD

USD 185,000,000 aling Rate Notes due 2001

Notice is hereby given that the rate of interest for the period from March 24th, 1994 to June 24th, 1994 has been fixed at 4.175 per cent. The coupon amount due for this period is USO 106.69 per USD

10,000 denomination and USD 533.47 per USD 50,000 and is payable on the interest payment date June 24th, 1994.

The Fiscal Agent Banque Nationale de Paris (Luxembourg) S.A.

nally and irrevocably

economies of scale in areas

ers and large supermarket from overseas, due to the growchains which are creating their ing preference of consumers own production and procure for cheaper discounted goods. Such strategies among leadment networks. ing supermarket and discount Aoyama Trading, a leading men's suits discounter, this chains are expected to prompt a further shift of retailing week announced it would tie power from the national brand up with J.C. Penney, the US

analysts, who say overseas

markets represent a small but

increasingly important

segment of the company's busi-

The deal highlights a wider

trend in Japan. The country's

old-fashioned distribution and

retail system, which has been

controlled by manufacturers

and wholesalers, is facing mod-

ernisation due to deregulation,

and the rise of discount retail-

By Frank McGurty in New York to supply Ito-Yokado is the and Emiko Terazono in Tokyo first of its kind, according to

Wal-Mart, the leading US

discount retailer, and Ito-

Yokado, a large Japanese

supermarket chain, have reached an agreement under which Wal-Mart will supply its

own-brand products to the Jap-

The move comes as an

increasing number of Japanese

retailers are diversifying prod-

uct procurement, especially

manufacturers, which until

recently have controlled retail

prices of products, to retailers.

For Wal-Mart, the agreement

anese retailer.

department store chain, to sell its casual wear in Japan, while Yaohan, the Japanese retail and distribution chain based in Hong Kong, will also market Wal-Mart's items in Asia.

Wal-Mart to supply Japanese chain

Although the Ito-Yokado deal is one of Wal-Mart's first forays outside North America, the expansion-minded company has been active in Canada and Mexico over the past

The Arkansas-based retailer. which rang up total sales of \$67bn in the year to January 31, recently announced an agreement to acquire 120 Woolco discount stores in Canada from Woolworth, giving the chain a strong footing north of the border in a single transaction. In Mexico, Wal-Mart is ope

ing a string of warehouse clubs and discount stores in a joint venture with Cifra, the country's largest retailer. Mr Saul Yaari, managing

director of Piper Jaffray, a Minneapolis securities house, downplayed the significance of the Japanese deal and the extent to which Wal-Mart will pursue expansion and supply links with retailers outside North America.

"I assume they will dabble overseas, but their plate is full in the US." Mr Yaari said, pointing out that the company was focusing on new "superstores" - combining groceries and general merchandise - in its domestic market.

A spokesman for Wal-Mart declined to comment on the Japanese agreement.

For its part, Ito-Yokado will provide Wal-Mart with its sophisticated point-of-sales technology, which helps efficient product and shelf management. The two companies are to develop jointly low-cost products and co-operate in expanding sales networks in Asia and Europe.

Wharf advances 33% in year

By Louise Lucas

Wharf (Holdings), the Hong Kong congiomerate controlled by the family of the late Sir Y.K. Pao, yesterday reported net profits for 1993 of HK\$2.7bn (US\$349m), up 33 per cent on the previous year's HK\$2bn.

The earnings, which were broadly in line with market expectations, included an exceptional item of HK\$589.3m on the sale of investment properties and were fuelled by a combination of a swollen property bank and rising rental fees. Taken on a per share to 127.3 cents, compared with

Mycom, the listed Malaysian

gaming and property company,

is moving into the timber busi-

ness in the east Malaysian

state of Sahah with the acquisi-

tion of UNP Plywood, one of

the state's biggest timber oper-

Malaysian group expands in Sabah

By Kieran Cooke

in Kuala Lumpu

to HK\$100.5bn, representing a vear-on-vear increase of HK\$41,2bn. The net asset value per share rose 70 per cent to HK\$36.37.

Some 75 per cent of profits came from the property side last year, and Mr Peter Woo, chairman, said new developments coming on line would fuel further growth this year. Mr Woo said: "We are

talking about 6m square feet of new space in Hong Kong of which profits have not accrued to previous financial reports and which has estimated future rental billings of close to HK\$2.5bn. 1993 profits came in at HK\$2.7bn, so with the three properties - Times Wharf's total asset base rose Squares and Phases I and II of

M\$350m (US\$130m) for UNP

through the issue of 70m new Mycom shares at M\$5 each.

UNP has an extensive timber

mill operation in Sabah and

several thousand hectares of

valuable timber concessions.

Many hig Malaysian companies

have announced plans to

invest in Sabah following the

recent transfer of power in the

The Gateway - coming on stream, we are almost doubling the profit we are now able to generate, based on present

profit generating assets." Of the remaining core businesses, about 21 per cent came from transport infrastructure. mainly terminals, and the balance was split between hotels and, to a lesser extent, investment income.

Mr Woo estimated Wharf Cable would be piped to 1.2m homes by the end of the year, at which time viewers will be able to tune into 20 channels. Directors are proposing a

dividend of 66 cents, for a total annual payout of 85 cents, an increase of 31 per cent over the

Mahathir Mohamad, the Malay-

Mycom is rapidly expanding

its activities. Earlier this year

it announced that, along with

Indonesian interests it was

taking a stake in Lamborghini.

the Italian sports car manufac-

turer. Mycom had pre-tax prof-

its of M\$85m in the six months

sian prime minister.

to end-1993.

rants group.

The purchase remains subject to a due diligence ruling coalition headed by Dr

Cathay Pacific plans to run operation, similar to the Dragonair model. However, there will also be

heralds new era The former chief of the Bank of Tokyo talks to William Dawkins

Banking shake-out

shake-out in which some weaker players will be forced to merge, but from which the larger ones could emerge strengthened.

That is the assessment of one of the industry's most experienced operators, Mr Yusuke Kashiwagi, 76-year-old senior adviser and former chairman of the Bank of Tokyo. The banking system is only just beginning to face up to the lessons of the collapse of the sharp rise in property and share prices of the late-1980s. fuelled by its own intemperate

lending, he says.
The largest banks will in the next few years complete their retrenchment. On the back of a recovery in the Japanese economy, they will relaunch themselves as big international competitors, says Mr Kashiwagi, defying the gloomier commentators.

"Over the next 10 years, the Japanese economy will be a good performer. Labour will be available and productivity will

apan's banking system is go up. There will be plenty of on the threshold of a savings, interest rates will rise. inflation will be low, which means we will have a strong currency. We will have growth with stability and this means that Japanese banks will once more go into international business in a blg way," he explains.

A related development will be the continued gradual breakdown of the Japanese banking industry's uniquely segmented structure, Mr Kashiwagi predicts. Larger banks appear to be

well on the way to running down the bad debts inherited from the 1980s bubble, but this is not so for the smaller regional institutions and agricultural co-operative banks. "We financed the bubble. Maybe it could have been avoided," says Mr Kashiwagi.

"One culprit was the tremendous competition in the banking system, which meant we were not as careful as we should have been in screening loan applications." Most banks are still strug-



Yusuke Kashiwagi: 'Large banks may be strengthened'

gling with the problem of providing for the bad assets inherited from the bubble days, though the Bank of Tokyo was less affected than most, if only because it was too busy tackling bad sovereign loans made to developing countries to get drawn into the lending rush. As part of this, most Japanese banks are now working hard to slim costs, through staff reductions and organisa-

tion changes. The big danger, Mr Kashiwagi warns, is that banks will be lulled by Japan's low interest rates into restructuring less toughly than they should. Falling rates reduce the cost of carrying bad loans. "This is an opportunity and one must be sure to benefit from it, not to dissipate the

gains," he says.

Australian group pulls out of NZ

By Nikki Tait in Sydney

Mayne Nickless, Australian transport and healthcare group, is selling its 50 per cent interest in Freightways Group, the New Zealand-based transport venture, in a deal thought to be worth around A\$40m (US\$28.4m). The buyer is Freightways Holdings, the other half-owner of the company.

INTERNATIONAL

Martin Comment

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13:-

BOHUS

Mayne did not put a price on the deal but said the total consideration was "slightly in excess of the company's investment". In its last accounts, at mid-1993, the book value was A\$37.2m.

Freightways Group takes in 15 separate businesses including transportation operations New Zealand Couriers and Poste Haste, and the Armourguard Security, armoured transport business

The sale means the Australian company will have withdrawn from the New Zealand market, where it has been a force since the 1930s. Mayne stressed that this was not because of dissatisfaction with Freightways' performance, but reflected a destre to concentrate on markets with "greater growth potential".

Rogers & Wells

Mycom will be paying state to parties aligned to the

formerly of Shea & Gould

has joined the firm.

John E. Daniel Leora Ben-Ami

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For the interest period 22 March 1994 to 22 June 1994 the Class A notes will bear interest at 5.45% per annum Interest amount payable on 22 June 1994 will amount to \$1,373.70 per \$100,000 note The Class B notes will bear interest at 6.15% per annu interest payable on 🍱 June 1994 will amount to \$178,265.75 per \$11,500,000

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US\$150,000,000

Notice is hereby given that for the interest period 24 March 1994 to 24 June 1994 the notes will carry an interest rate of 4.25% per at Interest payable on 24 June 1994 will amount to US\$ (08.6) per US\$10.000 note and US\$2,715.28 per US\$250,000

JPMorgan

A Nationwide

\$75,000,000 Subordinated Floating rate notes due 2004

> Notice is hereby given that the notes will bear interest at 5.625% per annum from 22 March 1994 to 22 June 1994 1994 will amount to \$141.78 per \$10,000 note.

Nationwide Building Society Agent: Morgan Guaranty Trust Company

JPMorgan

ALLIANCE LEICESTER £200,000,000

For the interest period 21st March, 1994 to 21st June, 1994. the Notes will carry a rate o nterest of 574% per annum vith interest amounts of £137.05 per £10,000 and £1,370.55 per £100,000 Nore, payable on 21st June, 1994. Luctor its temphons Sock Each.

Floating Rate Notes

due 1997

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from Chart Analysis Ltd 7 Swallow Street, London W1R 7HD, UK -

Ingenuity-The FE Review of Engineering, Friday, March 25.

The second issue of Ingenuity, the FT Review of Engineering will be published with the Financial Times on Friday, March 25.

it will examine a number of engineering companies which are developing new products or using new manufacturing methods to enhance productivity and competitiveness.

It will also give valuable insights into how the engineering industry in Britain and the rest of Europe is poised to benefit from economic recovery. So, if you need to know how well the engineering industry is working, be sure to get

FT. Because business is never black and white.

your copy of the FT on Friday.

Notes I PLC

rate notes due March 2021

CIC

Compagnie Financière Européene

Floating rate notes 1998

Agent: Morgan Guaranty

C150,000,000 GUARANTEED FLOATING RATE NOTES DUE DECEMBER 1997 Citicorp Finance PLC nconditionally Guaranteed of CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 5 287.5% and that the interest payable on the relevant Interest Poyment Date June 23, 1994 against Caupan No. 34 in respect of £10,000 naminal of the Notes will be £133.27. March 24, 1994, Landon By: Cinbank, N.A. (Issuer Services), Agent Bank CITIBANCO

Money supply speculation sends bunds into tail-spin |Simex settles in

in London and Frank McGurty in New York

Wild rumours that German M3 numbers for February would show an annualised increase of 30 per cent sent government bonds there into a tail spin yesterday, dragging other European markets with them. The

GOVERNMENT BONDS

figures are due to be published today or tomorrow.

The bund market got off to a shaky start following articles in two German newspapers suggesting that market expec-tations of an annualised rate of around 15 per cent for German M3 were too optimistic. They said the figure was more likely to be between 17 and 20 per

Bunds then drew some temporary comfort from the Bund-esbank's widely-expected deci-

sion to reduce the repo rate by eight basis points to 5.8 per cent, and from the publication of reasonable inflation data for the month to mid-March from North Rhine-Westphalia and

Baden Württemberg. However, towards the late afternoon market fears of another poor M3 number weighed heavily on prices. The June bund future on Liffe fell from the day's best level of 97.05 to trade at 96.26, down 0.24 points on the day but off the day's low of 96.18.

Analysts say they would prefer to see an outlandish figure, because this would make a laughing stock of the Bundesbank's policy of targeting medium-term money supply. "In a way, 30 per cent would be less severe than 18 per cent . . . because it would hail the death of M3 as a target,"

said Mr Klaus Baader, senior

international economist at Lehman Brothers in London. above 16 per cent would dam-

cast serious doubt on the tax-related special factors to explain the poor numbers in January.

Mr Julian Callow, European economist at Kleinwort Benson, said a number higher than last month's 21.2 per cent would also damage the mar-ker's fragile confidence.

■ The publication of disappointing inflation data for February depressed UK government bonds yesterday

The larger than expected rise dampened hopes of an early cut in interest rates, dealers

The June long gilt future on

Liffe fell ii on the day to 109 after an intra-day high of 110 and a low of 108#4. Gilt prices then fell further in the afternoon as anxiety spilled over from continental Europe. However, activity was fairly limited.

in April, this could spark fur-

In the lira sector, Deutsche

Bank Finance launched a

L500bn 10-year issue of zero-

coupon bonds, priced at 42.15

to yield 9.02. Lead manager Deutsche Bank London said

buoyed by hopes of a cut in the intervention rate by the Bank of France today. Some analysts were forecasting a cut of between 10 and 15 basis points in the rate, which currently

stands at 6.10 per cent. However, others said a widening in vields and a weakening in the French currency. which reflected investor fears on industrial action, gave the Bank of France little scope to

The June contract on the French 10-year notional bond on the Matif eased 0.2 points to 123.92, in the middle of the day's trading range of 124.14 to

■ Uncertainty over the outcome of this weekend's general election kept Italian government bonds on tenterhooks. Traders reported that a private poll suggested the two big groups on the left and the right

effectively create a stalemate. The June Italian government bond future on Liffe traded slightly higher in the late afternoon, standing 0.10 points up at 110.39, but off the day's best

■ US Treasury bonds held steady yesterday morning as traders adjusted their positions following the Federal Reserve's move to tighten monetary pol-

By midday, the benchmark 30-year government bond was it ahead at 92%, with the yield slipping to 6.84 per cent. At the short end, the two-year note was unchanged at 100 s, to

yield 5.009 per cent. The implications of the Fed's new policy dominated the morning's activity. Trading was subdued in the aftermath of Tuesday's increase in the key Fed Funds rate by 25 basis points to 3.50 per cent. The central bank's decision

age the market, since it would street to catch an equal to lift the Fed Funds target to cast serious doubt on the performed slightly better than amount of votes, which would bundesbank's assertions of their European neighbours', effectively create a stalemate. in mid-morning, when it allowed the market's prevailing rate to stand at 3.50 per cent.

The day's economic news, although appearing to be favourable, elicited little response from a market cooling down rapidly from Tues-day's beated session. The Commerce Department said orders of durable goods last month shimped 25 per cent, against expectations of a half-point

Most of the big drop, how-ever, was attributed to flagging orders of aircraft, limiting the impression of a significant slowdown in economic growth and a concurrent easing of

inflationary pressures.
In the afternoon, the market was facing a Treasury auction of \$11bn in new five-year notes. The outlook for the sale was positive, following the success of Tuesday's sale of a \$17bn

2.38 5 yrs 3.75 15 yrs 3.53 20 yrs 1.47 irred.† 3.24

This last arrangement, called mutual offset, was renewed last week between the Simex and the CME for another five years. The fact that the arrangement survived despite the CME's aggressive backing of Globex, the international electronic futures trading sys-tem, provided proof that the open outcry method of trading

port the entry of Globex termilast week for the Futures Industry Association confer-

8.66 7.42 7.56 7.69

6.72 7.84 8.10 8.48

Mar 23 Mar 22 Yr. ago

to niche market

he advent of global electronic futures trading, the growth of Japanese derivatives exchanges, and the ballooning over-the-counter renewed links market in Asian securities has done little to dent the success of the Singapore International Monetary Exchange (Simex). Last week Simex, conceived

10 years ago as a vehicle for the Chicago Mercantile Exchange to deliver financial futures contracts to the Asian time zone, renewed its partnership with the CME and won the rights to trade futures on a prized Japanese stock index.

At the same time, Simex officials are negotiating a co-operative trading arrangement for crude oil futures and options with London's International Petroleum Exchange, and are in talks with other derivatives exchanges in Europe and North America to share Simex's trading window into Asia. Simex was the first financial

futures exchange in Asia, the first Asian exchange to trade energy derivatives, the first exchange in the world to trade Japanese stock index futures, and the only exchange to agree that trades made on its floor could be offset on another exchange in a different time

is still preferred by many trad-

As part of the renewal agreement, Simex officials will supnals into Singapore. In Florida The Singapore exchange has with the CME, writes Laurie Morse

ence, Mrs Elizabeth Sam, Simex president, seemed little worried by the prospect of electronic competition. "We have learned from our own experi-ence that the open outcry sys-tem is a better system," she said.

lthough A exchange releases sta-tistics, industry industry sources estimate that 2.5m Eurodollar futures traded under the mutual offset pact between Simex and the CME last year. In 1993, Simex traded 15.7m contracts. Eurodollar futures, with a turnover of 5.5m, was its largest contract. The Simex mutual offset

arrangement generates (ar more volume for the CME than Globex. Recently, the CME decided to pump up its volume figures by counting Simex mutual offsets. This made Simex an important factor in the CME's struggle to bold its place as the world's second busiest futures exchange,

hehind the Liffe. Simex's second-largest contract is the Japanese Nikkel 225 stock index future, with volume in Singapore growing at the expense of the Osaka Securities Exchange. Last year's poor stock market performance in Japan was blamed in part on suspected manipulation of the Nikkei 225 futures traded in Osaka. That forced higher margin and commission rates, making Singapore a cheaper place to trade.

7.13 7.88 7.86

----- Infision 10% ----Mar 23 Mar 22 Yr. ago

Mar 23 Mar 22 Yr. ago Mer 23 Mar 22 Yr. ago Mar 23 Mer 22 Yr. ago

6.91 7.52 7.54

French issuer braves unsettled conditions with Ecu deal

By Tracy Corrigan

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1

Only a handful of deals emerged yesterday, as bond market conditions remain unsettled. Dealers said supply of new issues would remain

INTERNATIONAL BONDS

thin until markets showed strong signs of consolidation at

these levels. Crédit Local de France, the French local government agency, launched the first Ecn bond offering for over a month,

via Crédit Lyonnais. The Ecul50m seven-year deal is priced to yield 8 basis points more than a comparable issue Other dealers, however, said tors are buying more Ecu the issue looked rather expen-bonds - with Eculbn maturing sive compared with seven-year paper launched earlier this

There has been a slight pick-up of interest in Ecu bonds in the last week or so, causing real 10-year Ecu yields to tighten to 10 basis points below the theoretical Ecu yield, according to traders. Having started the year at 25 basis points below, Ecu bonds then suffered a bout of weakness which left them trading 42.15 bid, the same level as the

flat to the theoretical yield. Although the market is receiving some support from the large amount of Ecu bonds maturing, dealers said many investors, especially institutions, were not reinvesting in

the yield was substantially higher than for most outstand-

ing zero-coupon deals, which are trading at about 8.40 per cent. The deal was quoted at

reoffer price.

Standard & Poor's has confirmed the AA- long-term credit rating of Bank of Nova Scotia, which had been placed on CreditWatch with negative implications in December.

Borrower US DOLLARS	Amount.	Coupon %	Price	Motority	Fees %	Spread bp	Sock runner
Benco Bamerindus do Brasili#‡	50	(4)	100.00	Apr.1985	undiscl.	-	Parioss Capital Markets
CANADIAN DOLLARS Rabobank Nederland(D)	150	7.125	99.233R	Dec.1999	0.275R	+30 (59494-99)	Berclays de Zoete Wedd
PRENCH FRANCS Vicatel Alisthom(cl)	4.25bn	2.50	(a)	Jan.2004	260		Société Générale
TALIAN LIRE Sautsche Bank Finance	500bn	2970	42,15R	May.2004	0.25R		Deutsche Bank London
CUS Xedit Local de France	150	6.25	99,12R	Apr.2001	0.80R	_	Créct: Lyonnais
INTERNATION OF THE PROPERTY OF	100	 · 4.50	102,125	May.1999			Swiss Bank Corp.
Finel terms and non-catable un manager. *Unitsted or private pla \$16%. b) Short 1st coupon. c) atio: 1 for 1, Catable from 1/1/5	cement. ‡F Global insti	looking rate tutional tra	note, R: 12 nche of F7	esd re-offer p	xice; tees lesue pric	are shown at the e: FF1800, Red	ne re-offer level. a) 3-mth Li emption price: FF:1098. Co

ng will affect a total JCR is also placing the Gov- orated rapidly since the devi by The bonds were issued ernment of Turkey under uation of the Turkish lira.

Up to 5 years (23) 5-16 years (24) Over 15 years (5) Irradesmables (5)

6 Up to 5 years (2) 7 Ower 5 years (11)

PT-ACTUARIES FIXED INTEREST INDICES

126.31

150.38

169.20

-0.20 -0.43 -0.59 +0.30 -0.39

126.57

151.03

170.21 197.02 147.27

1.84 1.21 3.07 1.73

by the European Community, according to the lead manager. However, some retail inves-	Japan Credit Rating Agency rating will affect a total said it would assign a bbb rat- Y485bn. The bonds were issued
WORLD BOND PRICES	
BENCHMARK GOVERNMENT BONDS	Italy .
Red Day's Week Month Coupon Date Price change Yield ago ago	M NOTICINAL ITALIAN GOVT. BOND (STP) FUTURES (LIFFE) Lira 200m 100ms of 100%
Australia 9,500 08/94 114,3900 -0,300 7,18 7,13 6,68	Open Sett price Change High Low Est, vol. Open int.
Belglum 7:250 04/94 99,6300 -0.020 7:39 7.05 6.83 Cenada 8,500 06/04 92,8000 +0.560 7:52 7:40 6.83	Jun 110.75 110.30 +0.01 111.14 110.20 46397 98208 Sep. 110.20 109.90 +0.06 110.20 110.20 25 6
Decement 7.000 12/04 101.0700 -0.080 8.85 6.57 6.40 France 87AN 8.000 05/96 107.2500 -0.130 5.76 5.70 5.42	Sup 110.20 109.90 +0.08 110.20 110.20 25 6
OAT 5.500 04/04 83.1500 +0.039 6.44 6.18 6.03	E ITALIAN GOVT. BOND (ETP) PUTURES OPTIONS (LIFFE) Line200m 100ths of 100%
tely 8.500 01/04 95.0700 +0.580 9.281 9.10 8.72	Strike CALLS - RUTS - Sep
No 157 4,500 06/03 102,2590 +0,890 4.18 4.08 3.52	11000 2,57 3,39 2,27 3,43
Netherlands 5.750 01/04 95.0800 -0.300 6.44 6.12 5.35 Spain 10.500 10/03 110.2500 -0.200 6.84 8.69 8.31	11050 2.32 3.10 2.52 3.70 11100 2.06 2.87 2.76 3.97
UK Gills 6.000 08/90 98-21 -15/32 6.76 6.53 6.23 6.750 11/04 95-12 -20/32 7.45 7.24 6.77	Ept. vol. foral, Calle 2580 Puts 4044, Previous day's open Int., Chita 69336 Puts 60352
9.000 10/08 112-09 -25/32 7.59 7.40 7.08	
6.250 08/23 92-17 +40/52 6.84 6.85 6.61	
ECU (French Gov) 6,000 04/04 93,8600 +0.140 6,86 6,58 6.35 Legion closing, "New Yest mid-day Yielder Local market standard.	Spain NOTIONAL SPANISK BOND FUTURES (MEFF)
t Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents) Prices: US, UK in 32nds, others in decimal Source: MMS international	Open Sett price Change High Low Est. vol. Open int.
US INTEREST RATES	Jun 101.10 100.29 -0.18 101.10 100.28 49,160 101,745
Lunchisme Treasury Bills and Bond Violds Dec month	Sep - 90.99
Prime rate 6 Two modils 3.61 Three year 5.35	
Broker load side	UK
	MI NOTIONAL UK GILT FUTURES (LIFFE)* 250,000 32nds of 100% Open Sett price Change High Low Est, vol. Open Int.
BOND FUTURES AND OPTIONS	Mar 111-20 110-00 -0-27 111-24 110-11 175 10942
	Jun 110-12 109-02 -0-26 110-30 108-29 112247 151984 Sep. 108-05 -0-27 0 107
France III NOTIONAL FRENCH BOND FUTURES (MATIF),	III, LONG GALT FUTURES OPTIONS (LIFFE) 250,000 64ths of 100%
Open Sett price Change High Low Est. vol. Open Int.	Strike CALLS PUTS
Mar 124,78 124,80 +0.32 125,00 124,48 24,549 50,905	Price Jun Sep Jun Sep 109 1-58 2-10 1-52 3-00
Jun 124.22 124.12 +0.34 124.52 123.94 232.997 145.522 Sep 123.54 123.40 +0.34 123.55 123.40 1,922 11,826	110 1-26 1-48 2-22 3-38
I LONG TERM FRENCH BOND OPTIONS (MATIF)	111 1-02 1-26 2-62 4-16 Est. vol. total, Cata 5159 Puts 5636, Previous day's open left, Cata 76547 Puts 62079
Strike — CALLS — PUTS — PUTS — Putes Apr Jun Sep Apr Jun Sep	
123 - 2.20 0.19 1.01 -	
124 0.71 - 1.62 0.46 1.39 2.16 125 0.26 1.03 - 1.11 1.69 -	Ecu
128 0.07 0.66 0.87 1.94 2.51 -	ECU BOND FUTURES (MATIF)
127 0.02 0.38 0.50 3.22 Est, vol. total. Calls 31,506 Pues 62,659 . Previous day's open ins., Calls 374,266 Pois 201,298.	Open Sett price Change High Low Est. vol. Open Int. Mar 117.18 117.08 +0.34 117.40 116.98 1,797 5,579
Germany	Jun 90.48 90.44 +0.32 90.82 90.32 2,753 5,455
MOTIONAL GERMAN BUND FUTURES (LIFFE) DN250,000 100ths of 100%	US
hm 98.95 98.24 -0.26 97.05 98.18 176787 183220	US TREASURY BOND FUTURES (CST) \$160,000 32nds of 100%
Sep 95.97 -0.27 0 5295	Open Leiest Change High Low Est vol. Open int.
IN BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%	Mer 109-13 109-11 - 10,800 17,895 Jun 108-16 109-12 -0-03 109-21 109-08 439,291 364,736
Strike PUTS	Sep 107-05 108-13 -0-06 108-23 108-11 2,214 40,899
Price Jun Sep Jun Sep 9800 1.25 1.51 1.01 1.54	
9650 1.00 1.50 1.26 1.83	Japan
9700 0.77 1,10 1.53 2.15 Est, vol. total, Cate 7835 Puta 8630. Previous day's open int., Calla 239882 Puta 220853	III NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ms of 190%
III NOTIONAL MEDIUM TERM GERMAN GOVT. BOND	Open Close Change High Low Est vol Open Int.
(BOBL)(LIFFE)* DM250,000 100ms of 100%	Jun 110.43 110.11 1571 0 * LIFFE contracts traded on APT. All Open interest Sqn. are for previous day.
Open Selt-price Change High Low Est. vol Open Int. Jun 107.03 100.55 -0.27 101.04 100.55 271 2568	
UK GILTS PRICES	
	1983/94
Thosa 71/200 2001-4 9.50	7.55 127-3 12913 1167 Index-Linked (b)
Each 13/apr 1904 1839 5.14 100H -1 1083 100H Funding 3/apr 180-4 4.52	7 5 1141 - 5 1251 1653 200 96 - 67.9 1.73 2.80 1893 - 6 2042 1913
Total 130-e 1904 12.12 4.54 10314 1102 10314 Tress Flags 200427 7.08	7.37 9632 -12 1053, 9431. 47402 1957 (130.4) 1.83 2.56 10543 1132 1054 7.37 9632 -12 1053, 9431. 47402 101 (78.3) 2.81 2.96 1709 1753, 159
120c 1965 11.34 4.99 1052 1111 1052 Com/8 2 pc 2005 1.30	7.37 244 -2 1042 342 225010 17.83 2.81 105 1072 -1724 155 155 155 155 155 155 155 155 155 15
Legi 3pc Gas 90-95 306 5.97 8/74 1085 1061 74pc 2006tt 780	7.55 1445 4 125 1456 4 1256 1256 1256 256 251 1152 4 1 125 1055 1055 1256 1256 1256 1256 1256 1256 1256 12
14rc 1998 1224 5.94 1144 -1 1207 1147 Tress 11 laps 2003-7 9.40	7.81 10234 - 1112 94.2 25071 74.6 321 338 1634 - 1756 1488 7.78 1244 - 1956 1184 2506 13 80.2 126 3.41 1341 - 1454 1224
	7.55 144\(\frac{1}{2} \) - 21 125\(\frac{1}{2} \) 165\(\frac{1}{2} \) 256\(\frac{1}{2} \) 175\(\frac{1}{2} \)
Conversion Topo 1996 9.15 8.15 109%	4-e 2041(125.7) 2.48 3.26 1155 12871 1034
100 13490 13477	Prospective roel redemption rate on projected inflation of (1) 10% and (2) 5%, (b) Figures in pre-inflates show RP1 bases for indexing 69 inchains prior to fault) and have been adjusted to
Euch 15pc 1897 11.86 661 12552ml -1 1321 1252	renect recessing or her to 100 in Jesucay 1961. Conversion recor
94.pc 1996	8,945. RPI for July 1993: 140,7 and for February 1994: 142.1, 7.581087aul * - 4 1156 924
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Over Filtern Years
Trace Spc 2000
Tyeas 6 1/4pc 2010
Tyeas 6 1/4pc 2010
Tyeas 90c 2012
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-13 (284) -14 (1914) -14 (1914) -14 (1914) -14 (1914) -15 (1914) -15 (1914) -15 (1914) -15 (1914) -15 (1914)

7.08 121 Bad 7.02 1145 6.75 96 Bad 7.06 114 B 7.06 108 b 7.24 128 b 7.24 138 98 b 7.21 48 b 7.21 48 b 7.21 104 7.21 104 7.53 118 b

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100½ 100½ 70¼ 85½ 97½ 1258

Number Cast 8-2 to 10.

See San 1986.

13pc 197-2.

Hydro Grather 15pc 2011.
Leads 13-2 to 2015.

Userpool 3-2 to 10.

LCC 3pc 20 Ar.

Methodation 11-2 to 2017.

Methodation 11-2 to 2

7 Over 5 years (11) 8 All stocks (13)	180.11 179.85		-0.17 -0.15		180.41 180.15	0.63 0.55	1,29 1,41	Over 5	yrs	3.4	0	3.37	3,44	;	3.21 S.	21 :	3.25		
Debenkires and Loans							_		_2	5 y ler 23	Mar 2	pleid – 22 Yr.	ago Mar	- 15 year y 23 Mar 2	leid Yr. ago	— 2 Mar 23	35 year 3 Mar :	yleki 22 Y	. a
9 Debs & Lours (73) Average gross redumption yi	138.36 skds are sk		+0.18 dove. C		138.11 Bands:	2.34 Low; 0%-74%; 1	2.68 Wedium: 8%	-109496; 1		8.40 % and o	8.35 NSC. †		58 8.60 41. yad Year		9.39	8.69	8.71		9.50
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US subsidiaries were main growth area with 35% of operating profits | Britannic

Bowthorpe 20% ahead to £51m

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Bowthorpe, the international electronic and electrical components group, yesterday reported a 20 per cent increase in 1993 pre-tax profits to £51.1m, slightly ahead of forecasts made in mid-December when the group announced a successful £64.4m rights issue.

The result, described by Mr John Westhead, chief executive, as "pleasing" given "the tough economic environment." compares with pre-tax profits

Turnover grew by 26 per cent to £334m (£265m), including £9.3m from acquisitions and £27.3m attributed to transla-

The US produced 34 per cent (29 per cent) of group turbover. the UK accounted for an

By Peggy Hollinger

The high street proved to be an

uphill struggle for Kingfisher

last year, as it revealed lower

than expected profits from

most of its UK retail divisions

The most severe difficulties

were encountered at Wool-

worths, which recently saw the

departure of its managing

a very good first half in toys,

Woolworths overbought," said

Sir Geoffrey Mulcahy, chair-

The division was forced to

Woolworths was further hit

by an unexpected collapse in

the video consoles and games

market, which forced a profits

warning from both Kinglisher

and its rival. Dixons, earlier

Although he would not quan-

tify the extent of the damage

inflicted by these events, Sir

Geoffrey said it was substan-

tially greater than the £3.3m

decline in profits to £74.5m.

Sales were 7 per cent higher at

cut prices substantially to get

rid of stock.

"The simple fact is that after

in its results yesterday.

tinental Europe contributed 28 per cent (32 per cent). The fastest growing region for sales was Asia which generated turnover of £21m (£13m.) Operating profits increased

by 24 per cent to £52.5m (£42.3m) of which £2.1m came from 1993 acquisitions and £5.3m arose on translation. The group's US subsidiaries

were the main area of growth, generating 35 per cent of overall operating profits, compared with 31 per cent. Most of the profit growth came from the electronics seg-

ment with operating profits of £34.4m (£26.3m) helped by profits growth in the European terminals market and by strong gains in the US computer and

UK retailing operation proves to be

an uphill struggle for Kingfisher

The electrical businesses also reported a 13 per cent increase in operating profits to £18.1m (£16m) with a broadly based recovery in the US offsetting the sharp reduction in demand experienced by the European cable care

Profits were reduced by net interest costs of £1,44m (£381,000 received). Bowthorpe ended the year with net borrowings of £41.5m, equivalent to gearing of 54 per cent, after capital expenditure of £22.7m (£19.6m) and acquisitions totalling £39.6m of which £32.5m was paid in cash.

Earnings per share incre by 18 per cent to 18.18p (15.36p) helped by a reduced effective rate of taxation of 32 per cent per cent). As forecast, a final dividend of 5.03p (4.57p) is cent at 6.91p (6.86p.)

Despite less than ideal market conditions around the globe Bowthorpe continues to deliver underlying profit growth. The rights issue proceeds will enable the group to pursue its successful strategy of building global niche businesses, and perhaps to expand further in the fast growing Asian market. This year pre-tax profits of about £59m are likely although earnings are expected to be flat, held back by the dilutive effects of the rights issue and a more normal tax charge of about 35 per cent. The shares slipped 3p to 847p yesterday and are trading on a forward multiple of around 19.2 but

per cent increase in compara

Sir Geoffrey attributed the

profits decline to disruption

caused by a shift in focus. In

future the division would con-

centrate on personal care prod-

ucts, moving away from house-

B&Q, the Do-It-Yourself

retailer, did better, with profits

rising from £81.1m to £82m, on

sales 10 per cent higher at

£1.15bn. Like-for-like sales

were 4 per cent ahead. Sir

Geoffrey said the improvement

at B&Q proved Kingfisher's

strategy of every day low

Darty, the French electricals

retailer acquired last year for

£1bn, had proved resilient in a

difficult market. Sir Geoffrey

said. Sales for the relevant

eight months were down by 2.7

per cent to £694m, and operat-

ing profits 6 per cent lower at

£79.2m. However, the sales per-

formance compared well with

the overall decline of 4.3 per

cent in the French electricals

Comet's profits fell by 7 per

cent to £16.4m on sales 6 per

cent higher at £526m. A sharp

fall in sales in the second half

held back the like-for-like

market, Sir Geoffrey said.

prices was working.

hold and grocery ranges.

ble turnover.

Assurance rises 13.6% to £27.9m

By Andrew Jack

Britannic Assurance, the life assurance company, yesterday reported pre-tax profits up 13,6 per cent to £27.9m in the year to December 31.

Earnings per share rose 14 per cent to 14.4p, against 12.64p in 1992 after an adjustment for a capitalisation issue Mr Brian Shaw, general manager and actuary, said: "We think it was a further steady, sound year for Britannic. We were regarded as rather conservative a few years ago for sticking to our core business. That is now regarded as a rather sensible

The company said it had made a provision within its reserves to cover any compen-sation that might arise as a Investments Board's review of the sale of personal pensions Mr Shaw said the sum was not going to be material to profits or shareholders.

Net premium income was £468m (£417m), including £126m (£123m) contributed by the company's industrial branch. General branch pre-mium income rose to £34.8m (£30.5m).

Life annual premiums were £58.4m (£53.8m) and single premiums were £51m (£32.7m). Pensions annual premiums were £37.6m (£33.4m), single premiums £76.6m (£73.3m) and contracted out rebates £83.6m (£76.6m).

General branch pre-tax profits were £1.1m last year, compared with a loss of £414,000

The underwriting division reported losses of £2.2m (£3.7m deficit). This included a loss of £1.4m (£2.8m loss) from property, of £615,000 (£1.1m loss) from motor, and a loss of £245,000 (£227,000 profit) from liability policies.

Mr Shaw said that Britannic withdrew about 18 months ago from commercial insurance. The net dividend was up nearly 13 per cent to 12.6p. The tax charge fell 12 per cent to £774,000. The company made a £500,000 transfer to its

claims equalisation provision.

The shares fell 5p to 455p.

Exceptionals conceal growth at Lex Service

By Paul Taylor

Lex Service, the UK's largest car distribution and leasing group, yesterday reported pretax profits of £101.5m for 1993 compared with £107m the pre-

The figures for the past year were boosted by a £60.1m profit on the sale of Arrow Electronics shares and by a "fifth" quarter of profits amounting to £2.6m from the leasing associates which changed their year ends from October to Decem-

Excluding distorting exceptional items in both years profits increased by 36 per cent to £38.5m (£28.3m). Turnover grew by 29 per cent to £1.18bn (£910.7m).

Sir Trevor Chinn, chairman and chief executive, said this underlying profit improvement reflected the encouraging growth in the UK car and track "Our businesses improved their profits substan-tially through increased market shares and continued tight control of costs," he said.

Earnings per share alipped to 88.5p (96.7p) but an increased final dividend of 7.8p (6.8p) is recommended, making a 12.5p (10.6p) total. The shares closed down 60 at 524p yesterday.

The group's expanded 127 car and truck dealerships, representing over 30 manufacturers, sold 64,000 new and 30,000 used vehicles last year, increases of 30 per cent and 22 per respec-

Trading profit, including an £800,000 contribution from the Arlington dealerships acquired in July, was £18.8m (£11.4m) reflecting the increased market share, improved operations and the full year contribution of the Swan dealerships acquired in 1992.

Lex Vehicle Leasing, Transfleet and Harvey, which are jointly owned with Lombard North Central, all increased their fleet sizes. This, combined with the benefits of the operational improvement implemented over the past two years, led all to all three achieving record profits. Together the three companies and Lex Systems Leasing contributed £19m to Lex for the 12 months to December 1993, compared with 19.8m for the corresponding period in 1992. Net interest costs were

reduced from £4.3m to £2.2m and year end net borrowings stood at £14m (£9m). The group also announced

the appointment of Mr Peter Harris as finance director.

COMMENT

Over the past three years Lex has made considerable progress towards its twin goals of expanding the scale of the company and improving its operational performance. group's strong balance sheet provides the flexibility for further acquisitions, and developing existing operations like the Lucas Autocentres. Pre-tax profits of about £48m are expected this year - excludi 27m from the sale of the final tranche of Arrow shares in January. Earnings, before exceptionals, should be around 32p and the shares are trading on a prospective p/e of 16.4.

Dagenham Motors recovers to £2.35m and seeks £9.9m

By Kevin Done Motor Industry Correspondent

Dagenham Motors, the southeast of England Ford dealer zrouo, is raising £9.9m through 2-for-5 rights issue, its first

share issue since the company was floated in 1988. The group increased its pretax profits by 58 per cent to £2.35m (£1.48m) for the year to

December 31 ending four years of decline. Before the reces profits peaked at £4m in 1988. The dividend is being raised to 6.25p per share (5.75p) with a recommended final of 4.5p. Rarnings per share came out at

8.7p, compared with 5.6p. The company is issuing 6.77m new shares at 153p per share. The shares closed yesterday unchanged at 193p. The issue will be underwritten by Samuel Montagu.

Mr David Philip, chairman and managing director, said

that profits in the first two months of 1994 were substantially ahead of the corresponding period helped by the continuing strong recovery in the UK new vehicle market.

New car sales rose by 19 per cent, used car sales by 27 per cent and new commercial vehicle sales by 32 per cent in the first two months. Group turnover for 1993 rose

by 20 per cent to £187.3m (£155.9m). The figures were supported by an 11 per cent rise in new car sales to 8.580, a 10 per cent increase in used car sales to 6,896 and a 56 per cent jump in sales of new commercial vehicles.

Dagenham Motors remains an exclusive Ford (cars and light commercial vehicles) and lveco Ford (medium and heavy duty commercial vehicles dealer group, but it is seeking to increase business in allmakes used car and after sales operations and in accident

Mr Philip said that the rights issue would help to reduce gearing from 125 per cent to 45 per cent and would give "maximum flexibility in our pursuit of acquisition oppor It would also provide...

sound base for "the anticipated strong growth in the group's existing operations", which include seven Ford new car dealerships and two Iveco Ford commercial vehicle outlets in south-east England.

The group was seeking addi-tional Ford dealerships in oraround the M25 circle, where it currently operated.

By exercising outstanding options Mr Philip is raising his stake in the group from 8.3 to 9.1 per cent. The biggest outside shareholder is 3i with 12.8

Sir Geoffrey stressed that per cent in the second half." he other lines that Woolworths Glaxo grants Wellcome

£1.3bn.

Glaxo has granted Wellcome an option to develop and market the compound 3TC, which is in final clinical trials, for

Glaxo, which licensed the drug from BioChem Pharma of Canada in 1990, would continue clinical development of the compound for the treatment of hepatitis B. Part of the current trials for

Glaxo said there was increasing evidence that such "combination therapy" was the most

treatment of the HIV virus.

HIV involve the use of 3TC in conjunction with Wellcome's

anti-Aids drug Retrovir. treatment and that the pro-

option over 3TC drug esent the most efficient way of bringing 3TC to market. Wellcome is likely to decide whether to exercise the option after the trial results are available towards the end of this

offered were up to expecta-

tions. "Excluding toys and

games, gross profit rose by 10

This would trigger a further payment to Glaxo. Once marketed, Wellcome

would make royalty payments to Glaxo based on sales and Glaxo in turn would pay royalties to BioChem Pharma. Glaxo has an 17 per cent stake in BioChem, a research-

based pharmaceuticals company formed in 1986 which is quoted on the Montreal and Toronto stock exchanges and

14.4% take up CSC offer

advance to 0.7 per cent.

By Simon Davies

Sir Geoffrey Mulcahy: fall at Superdrug due to a shift in focus

The £73m public offer for Capital Shopping Centres, one of the largest flotations of 1994, has been only 14.4 per cent subscribed by the public. The remaining 85.6 per cent will be taken up by institutions.
The public offer for the

Superdrug also had a diffi-

cult year, with operating profit

falling by 9.5 per cent to

231.5m. However, sales were 5

per cent up at £617m, with a 2.5

regional shopping centre com-pany was affected by adverse conditions in the stock market, but brokers argue that it was too aggressively priced. The shares were issued at a 13 per

cent premium to asset value. However, Mr Donald Gordon, chairman of TransAtlantic the insurance and property group which retains a 75 per cent stake in CSC - said that CSC had achieved its objec-

tives in the offer. He said: "We have got a good share register, and hopefully not too many stags in the wings". He said CSC had always been marketed as a long-term institutional stock, and the only reason for the public offer was the "insistence of the Stock Exchange".

Robert Fleming, the lead sponsor, placed 65 per cent of the £209m offer with institutions, and the remaining 35 per cent was placed subject to clawback for the public offer. The public have taken up 4.58m shares, out of the available 31.85m.

Mr Gordon said that the total offer had been over-subscribed by institutions and that these

the company, despite the reac-tion of the public. "I think we priced it dead right", he said. Few have argued about the quality of the company, which has a unique and defensive property portfolio, but a num-ber of institutions suggested

the shares were expensive.
At the time the offer was first announced, the property sector was trading at an average premium to asset value of about 20 per cent. According to Warburg Securities, the premium has now narrowed to 5

Some brokers have suggested that the shares could trade at about 210p, compared with the issue price of 230p, after dealings begin next Wednesday.

BMW begins creating new management links with Rover

Mr John Towers, previously Rover group managing director, has been appointed chief The company said the

remaining Rover directors had all been confirmed in their

positions. Mr Pischetsrieder

By Kevin Done, Motor Industry Correspondent

Mr Bernd Pischetsrieder, chairman of the BMW manage ment board, has taken over as chairman of the board of Rover Group, following the completion last week of the German carmaker's £800m takeover of the UK vehicle producer.

sales and purchasing. Initially the most intense discussions have taken place over Rover's long-term product plan with key decisions to be taken over a replacement strategy

DIVIDENDS ANNOUNCED

both for Rover's Mini and its said BMW was committed to BMW is also preparing for its maintaining Rover as a sepa-

rately managed British comnegotiations with Honda over pany.
Mr Wolfgang Reitzle, BMW
research and development changes the Japanese carmaker is seeking in the terms and conditions of its various director, said in an interview licensing deals with Rover. that BMW intended to set up Mr Reitzle said that BMW was still interested in joint committees between the two groups in the key areas of long-term collaboration with research and development, Honda for key components for

front-wheel drive cars. "At BMW we do not have frontwheel drive components. and it would be very expensive for Rover to develop these on its own," he said.

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The Financial Times plans to publish a Survey on

Bangladesh

on Monday, May 9.

Focussing on Bangladesh's steadily recovering economy, the survey will also cover education, exporting and foreign aid. For Information on advertising costs and an editorial synopsis,

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FINANCIAL TIMES

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The Financial Times and Price Waterhouse wish to thank the many executives across Europe who have replied to our survey seeking to identify the most respected European companies.

If you have received the questionnaire but have yet to reply, we would be very grateful if you would do so promptly.

Those who reply will receive the full results of the survey, an invaluable guide to the opinions of Europe's business leaders.

Please let us have your views.

IN BRIEF REGAL HOTEL GROUP, commercially driven 3 star hotel operator, has acquired the 92 bedroomed Cumbrian Hotel which it previously operated under a management contract. Cumbrian's turnover in 1993 was around film.

SIMON ENGINEERING is selling Parabo, a New Mexicobased oil field waste disposal business for \$2.5m (£1.71m) to Mr James E Blackwell and Mr Benjamin M Butler, operators in the US oil industry. This brings to £21m the total raised from the sale of the chemical

services operations.
TOREX HIRE has acquired the Truro business of Handihire for £100,000 cash, bringing the number of its branches in Cornwall to five. WHITECROFT has sold two

properties in the south east of England for £1.72m cash. The value of property awaiting dis-posal in the balance sheet at March 31 was £14.4m and this figure has now fallen to 26.5m. The transactions - further steps towards complete withdrawal from property development - have reduced borrow ings and showed a small surplus over book value.
WORTH INVESTMENT Trust

is selling its interest in Seguin Moreau for FFr17.9m (£2.1m), This gives rise to a reduction of £800,000 in the value of the investment and reduces the net asset value from 24.85p to 22.29p at March 16. JAMES SMITH ESTATES:

Under the open offer to raise \$12.3m net, 10.27m new ordinary shares were placed with institutional investors. Shares were offered to qualifying hold-ers at 125p. Holders applied for 2.46m shares (24 per cent of the issue) and remainder taken up in accordance with the placing

Total for year Aspen Comms § Berr & Wallace _ Barrett Devs . BB&EA Canning (W) . Climbon Cards Devro Inti Kinglisher More O'Ferrel

Dividends shown pence per share not except where otherwise stated. †On increased capital. §USM stock. †Making 3p so far. "Adjusted for scrip issue.

PUBLIC WORKS LOAN BOARD RATES Over 1 up to 2. Over 2 up to 3. Over 3 up to 4. Over 4 up to 5 Over 5 up to 6 Over 8 up to 9 Over 9 up to 10 Over 15 up to 25

Barratt more than doubled to £11.3m

By Andrew Taylor, Construction Correspondent

The housing market recovery in the UK is gathering pace, with sales and prices expected to rise further in 1994 according to Sir Lawrie Barratt, chairman of Barratt Developments which more than doubled pre-tax profits from £4.8m to £11.3m in the six months to end-December.

Earnings per share increased from 2p to 4.4p, enabling Barratt to increase its interim dividend to 2p (1p).

Turnover rose by 25 per cent to £218.2m (£174m). Sir Lawrie also announced the group's biggest marketing campaign, which will take place this summer and include the construction of four sepa-rate show villages to take advantage of the recovery and

launch the company's new range of designs. The Barratt chairman came out of retirement three years ago after the group began to incur heavy losses. He said yesterday that the group was on course to achieve its target of increasing production from 5,000 to 8,000 homes a year by

Sir Lawrie will become non-

£91

Barratt Developments. Share price (pence)

beginning of August. Mr Frank Eaton, chief executive, said the company was in good shape to finance its expansion with net debt of only £53.4m, including off-balance sheet loans, representing gearing of 27 per cent.
He expected sales by UK
housebuilders to rise by about 10 per cent in 1994 with UK house prices rising by 7 per cent and up to 10 per cent in

The group completed 2,302 executive chairman from the UK sales in the half year, 14

south-east England.

per cent more than in the corresponding period. Operating margins rose from 6.3 per cent to 8.6 per cent.

The group said it had continued to buy land at prices which would provide satisfactory margins, acquiring 4,593 plots at an average price of £14,457 during the first half, equivalent to 19.9 per cent of the present average selling price of £72,500.

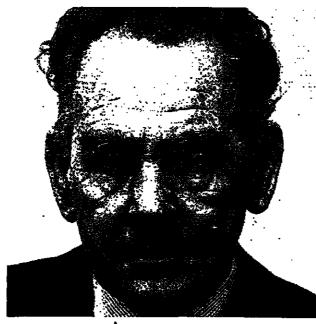
Total UK land holdings had risen by 11 per cent since last June to 15,079 plots representing 21/2 years supply at current production rates. The southern Californian

housing market was expected

to remain much more difficult

by 50 per cent to \$700,000 (£480,000). There was also a £300,000 loss on leisure and time-share activities. This was more than offset by profits from commercial property sales and the group's Scottish contracting

Frank Eaton deserves much of the credit for the turnround at Barratt. Good housekeeping in terms of reduced costs, shrewd land purchasing and Sir



Sir Lawrie Barratt: optimistic about housing market recovery

provided UK operating margins of about 11 per cent cur-rently. This should rise further next year, putting the group at the top end of the range for a large national volume builder. On pre-tax profits of £33m this year the group is on a prospec-

tive p/e of 20, falling to 14 times earnings of £50m in 1994-95. On this basis much of the stock's virtue is already in the price but still worth a buy if only because Barratt historically has performed well dur-

Lasmo sells Ninian interests on which company was based

By Robert Corzine

Lasmo, the independent oil exploration and production company, yesterday did the corporate equivalent of selling off the family silver.

In a deal which saw the company sell its interests in the Ninian field to Sun Oil and Ranger Oil for £84m in cash and Suns's 20 per cent interest in the new Birch field, the management released the asset on which the company's fortunes Were

The Ninian sale also marked the end of the disposal programme which followed its \$1bn acquisition in 1992 of Ultramar, the event which analysts cite as being the start of the company's present trou-

Mr Joe Darby, chief executive, yesterday said he was prepared for a negative reaction from some board members

It was Ninian's discovery in 1974 which transformed a venture capital company, formed in the early 1970s to look for oil at the start of the North Sea's exploration phase, into a fully fledged oil company. It was the cash flow from Ninian which allowed the company to expand, mainly through acqui-

The board, however, thought

for a mature, high cost

The sale was the latest in a series of asset disposals the company has made recently to bolster a financial position that has been undermined by low oil prices.

Late last year it sold a pack-age of assets, including a 5 per cent stake in its main development project, the Liverpool Bay gas field, to PowerGen for

However it has recently taken the Markham gas field off the market and Mr Darby said yesterday: "The bulk of the disposal of assets are over. There may be some swaps . . . but I don't see any major asset disposals this

Analysts say the sale of Ninian symbolises Lasmo's strategy to shift its production away from high cost reserves. These have led to the company having a cost of sales per bar rel of £8.15, compared with present sterling oil prices of about £9.30.

Chevron, Ninian's operators, say there is scope for steady cost reductions in coming years and additional potential as technology enables companies to extract greater amounts

Lasmo is in a hurry, how-ever, to implement its new low cost strategy, which it says should reduce its operating costs per barrel to £3.70 this year, compared with £4.10 last

the electronic brokerage sub-

sidiary of Renters Holdings,

announced that its Swiss affili-

ate. Instinet (Schweiz), had

joined the Zurich stock

exchange.
SANDERSON Electronics has

acquired the business and

assets of Nord Group from the

administrative receivers for

UniChem advances 27% in challenging markets

UniChem, the pharmaceuticals wholesaler and retailer. increased 1993 profits by 27 per cent to £37.5m, against £29.4m, despite the 25 per cent cut in drugs price imposed by the government in October.

Mr Jeff Harris, chief executive, described it as an "outstanding performance during a year of challenging market

In addition to the price cut UniChem faced intensified competition from rivals, notably Lloyds Chemists which is trying to build market share in wholesaling. However Mr Harris said Uni-

Chem was losing very little business and predicted that the "crazy" discounts being offered by competitors would not last much longer. Turnover advanced 12 per

cent to £1.18bn (£1.05bn), with pharmaceutical wholesaling showing like-for-like growth of more than 10 per cent in a market which grew by about 9 per cent. Operating profits rose by 17 per cent to £40.1m com-

pared with \$34.2m, and margins increased from 3.25 per cent to 3.4 per cent.

Earnings per share rose to 17.8p (13.7p) basic or 17.3p (13.4p) fully diluted. Dividends increased 15 per cent to 6.5p (5.65p) with a recommended final of 4.3p.

The market share gain stemmed partly from large manufacturers cutting down on direct distribution and from the growth in sales to hospitals which, up 50 per cent to

UniChem estimates that the market will grow by 10 per cent this year, somewhat less than the Government's recent

The rapidly growing Moss Chemists retail chain increased sales from £79.7m to £114m generating operating profits of £6.6m (£4.9m). Operating margins slipped from 6.1 per cent to 5.8 per cent and are expected to remain

In November UniChem paid £8.9m for Bradford Chemists' Alliance, a regional wholesaler. were interested in being acquired but added: "We wil have to look at them but very few will be worth going for."

COMMENT

These figures may indeed represent an "outstanding" performance in "challenging" condi-tions but it must be said that UniChem has a great deal going for it. Despite the Government price cut its market showed healthy growth which is likely to continue. Its 30 per cent market share gives it a huge advantage over the dwindling band of regionals while the strong relationship between wholesaler and chemist has blunted Lloyds' efforts to poach its customers. In wholesaling there are further gains to come from depot automation and in retailing there are new opportunities as big selling prescription medicines are switched to over-thecounter. After a good run this year these strengths are better reflected in the share price which now stands at about 16.5

W Canning falls to £2.2m but better year in prospect

By Paul Cheeseright, Midlands Correspondent

Pre-tax profits at W Canning, the Birmingham-based speciality chemicals and electronic components group, took their expected knock from a provision for bad debts and fell from £2.43m to £2.21m for 1993.

Last month Canning reported a £1.4m provision against an exposure of £1.9m at its Italian electrical components business and noted yesterday that the size of the debt reflects the extended credit given to customers, which is. normal business practice in

attributable earnings of £536,000, taking them down to £610,000 against £260,000 in

Basic earnings per share worked through at 2.2p (0.9p). However, adjusting for the exceptional and bad debt provisions adjusted earnings emerged at 7.8p (7.2p). A maintained final dividend of 4.35p makes a same again 7.29p total. Mr David Probert, chairman, said he did not feel that a

reduced dividend would be justified given the strength of the Canning balance sheet and

The difficulties in Italy

the group's performance last at £109.31m (£114.03m) after the sale of the French company, However, profits before the debt provision and the exceptional item associated with that sale rose from £4.04m to

Trading during the first 10 weeks of the current year was described as "satisfactory". Sales in and from the UK have increased, while the French and German markets, which take half of Canning's sales, have stopped declining. This year will be better than last, Mr Probert said.

Bernard Matthews: company remains well placed to make further acquisitions

Bernard Matthews tops £11m

Bernard Matthews, the turkey products group which has been hit by weak prices in recent years, appears to be back in full flight with annual pre-tax profits rising sharply from £3.34m to £11.3m.

January 2. Acquisitions contributed £28m of the sales increase, leaving continuing businesses 16 per cent ahead. Mr Bernard Matthews, the

founder and chairman, said the improvement was largely due to a recovery in prices for whole turkeys and a greater focus on frozen and added value products, such as dino-"The market for whole birds

BARING PUMA FUND: Net

income in 1993 was \$1.95m

(£1,33m) and earnings per

share 32.49 cents. Dividend 25

Cla GROUP: Cla Mediane-

twork, its European holding

company, has established a

improved significantly during tions last year, remained in an 1998," said Mr Matthews. "We that in 1992 and have recovered from that in 1993."

Bernard Matthews had also decreased its dependence on

trading profitably, excluding advertising costs. Germany was progressing and the group was "extending its distribution

Mr Matthews said his company, which made two acquisi-

whole birds from 18 per cent to 10 per cent of total sales Sales were 35 per cent higher at £195m for the 52 weeks to products such as cooked meat. through aconisitions and new The group suffered substantial start-up losses in France, where it has invested between £4m and £5m in advertising its

of value added products".

owned 65 per cent by CIA Medianetwork and 35 per cent

DALGETY is buying Jaeger

ingredients business, for an

EDINBURGH OIL & Gas: some

Participations, a French food EXETER

by Mediahaus Dusseldorf.

frozen products. Mr Matthews said this business was now

"aggressive mood". Further lost several million pounds on buys could not be ruled out. Last year the company bought Hungary's leading turkey company for £2.5m and Turners Turkeys from Unigate

for £18m. The purchases con-tributed £2.06m to total operating profit of £12.3m (£3.91m). Debt rose from 9 per cent of shareholders' funds to 12 per cent as a result of the acquisi-tions. Mr Matthews said the company remained well placed

Java Trust.

"This company is not in the rights issue business," he said. The final dividend is increased to 1.4p (1.25p) for a 2.5p (2.25p) total, payable from earnings up by 4.63p to 6.27p.

NEWS IN BRIEF

taken up or placed firm. KFM JAVA TRUST: Name has

been changed to Edinburgh

Amended results for the period

February 1 1993 to January 31

1994 show net profit £159,000 (£219,000), after tax of £73,000

(nil). The tax charge had erro-

neously been excluded in the

for further acquisitions. However, he stressed any deals would be funded internally.

PREFERRED:

when he brought the sale before them.

the sale "was exactly the right thing to do," said Mr Darby. "We got excellent value

earlier announcement. Earn-

ings per share are 0.68p (0.94p) and revised dividend 0.68p

HARMONY PROPERTY Group

is to sell for £2.25m in cash its

freehold office property, Vale House, Tunbridge Wells, Kent.

The property has a currently

INSTINET CORPORATION, £525,000 cash.

book value of £2.09m.

The Financial Times plans to publish a Survey on Biliain's Ethnic Disinesses

on Rhursday, June 16.

The survey will report on the important contribution made to the economy by ethnic minority businesses in the United Kingdom. It will examine how their future prospects will be affected by competition at home and from abroad, and how they are responding to the challenge of economic revival in the UK.

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joint venture subsidiary in 2m units, representing 57.64 Germany, CIA Medianetwork
Deutschland, which will be and open offer, have been

What are the barriers to international fund management? • Regional or Globally branded products

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SCA in brief, SEK M	1993	1992
Net sales	33,420	32,137
Operating profit	2,172	2,031
Earnings after financial net	1,210	451
Net earnings after tax	1,071	6,200
Earnings per share after tax, SEK	<i>5</i> .82	1.99 ا
Dividend, proposed, SEK	3.40	3.10 ا
Capital expenditures incl company acquisitions	2,073	2,160
Shareholders' equity incl minority interest	20,879	19,091
Net cash flow	3,209	4,767
Net debt	10,814	10,799
Equity/assets ratio, percent	47	41
Debt/equity ratio, times	0.52	0.57
Number of employees, average	26,661	29,623
1 comparative figures for 1992 have been adjusted to refl	ect new issues	

Forecast 1994 Earnings after financial net expected to amount to SEK 1,700 - 2,200 M, corresponding to earnings per share of 6.00 - 7.85 SEK.

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Weir at £38m after exceptional

By Andrew Baxter

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An unbroken 10-year run of rising pre-tax profits came to an end last year at Weir Group. but the Glasgow-based pumps and engineering products company is still lifting its dividend by 10 per cent from 5.9p to 6.5p. On turnover up from £425m to £449m Weir announced pretax profits for the year to December 31 down from £39.2m to £37.5m. The latest figures reflect a £2.4m exceptional item for redundancy costs and a fall in interest and other income from £4.1m to £2.55m. Earnings per share slipped from 17.7p to 17.3p, a little better than expected and partly because of the benefit of US tax rule changes. The final dividend is raised from 4.15p to

Mr Ron Carrick, chief executive, said he was "a wee bit disappointed" by the level of profit last year, but the company had managed a creditable performance in continuing difficult trading conditions.

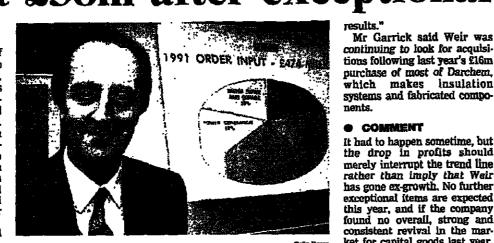
He pointed, in particular, to intense pricing competition in large projects from state-owned Italian companies and Japanese competitors. Weir lost out on a big Abu Dhabi project

Town Centre

improves to

£3.95m

By Simon Davles



Ron Garrick: intense price competition had affected results

when an Italian competitor dropped its price by 30 per cent "create employment in Italy," said Mr Garrick.

Excluding the exceptional item. Weir's profit margin slipped from 9.2 to 8.9 per cent. with a rise from 7.7 to 8.6 per cent in engineering services offset by a decline from 7.5 to 7.1 per cent in the much larger engineering products business. New orders rose strongly, from £373m to £470m, helped by an 280m Qatar desalination

Orders from the Indo-Pacific region nearly trebled to about £60m, and accounted for 13.5 per cent (6 per cent) of the

The UK share of orders, in contrast, fell from 45.4 to 34.8 per cent mainly because of a dearth of business in the water industry

make continental European acquisitions just for the sake of it now seems fortuitous - in On the outlook for this year, the short term at least, the US Viscount Weir, the chairman, looks a better bet for takesaid there was "no reason why overs. A modest rise in pre-tax we should not continue to give profits, to £42m-£43m this year. would put the company on a a good account of ourselves, and again produce satisfactory prospective p/e of about 17.

Exports boost Whatman to £10.7m Mr Garrick said Weir was

By Simon Davies

Whatman, the manufacturer of filtration and purification products, yesterday reported 10 per cent growth in 1993 pretax profits, boosted by sales to Europe and Asia Pacific.

Profits were £10.7m, against £9.71m, restated for FRS 3. Earnings per share were 30.76p, against 27.79p and the directors are recommending a final dividend of 6.9p, making 10.2p (9.5p) for the year.

Whatman said the improving economic environment had been off-set by tougher competition, but steady growth was forecast.

Turnover increased 15 per cent to £72m (£62.6m). Excluding the impact of acquisitions and exchange rate changes. however, the underlying growth was a more modest 5 per cent. Profit margins. excluding currency movements, were stable, during the

Sales in 1993 were below initial forecasts, due to weaker demand from the US pharmaceuticals industry, and a reduction of inventory by UK distributors. There were stronger performances from new areas such as laboratory gas generators, and bioprocessing media

Sales outside the UK and US increased from 25 per cent to 30 per cent of group turnover, and accounted for £21.9m of sales in 1993.

The US. however, accounted for about 57 per cent of sales. Whatman estimates that a 10 per cent movement from a dollar/sterling exchange rate of 1.6, has an estimated £1.5m impact on translated pre-tax profits.

Last year, Whatman acquired a 60 per cent stake in Biometra, a German company specialising in molecular biology, for £3.5m, and the company contributed £234,000 to

profits. Whatman also increased expenditure on research and development to 4.5 per cent (4.1 per cent) of sales revenue, reflecting its emphasis on technology.

Whatman's management has

of the year had not been as buoyant as expected, suggesting that key drinks advertisers had spent £9m less than expected in the run-up to Christmas. Following sterling's devalua-

More O'Ferrall hits £8m

tion at the end of 1992, operat-£7.8m on the back of an ing profits in sterling were static in France and ahead Mr Brian Turnbull, finance in Belgium, which each accounted for 17 per cent of total tunover. However, they director, said gains in the UK and Ireland reflected careful control of costs and the group's were sharply lower in local high level of operational gearcurrencies Mr Turnbull described the

More O'Ferrall, the hoardings

and bus shelter advertising

company, boosted pre-tax prof-

its for 1993 from £220,000 to

improved UK market.

to 1993 profits.

chairman, said the last quarter

A stronger contribution from

its motor distribution operations enabled Barr & Wal-

lace Arnold Trust to record a

19 per cent improvement in

pre-tax profits to £4.4m for the

Although the motor side's

contribution to overall turn-

over was static at £138m, the

division benefited from greater

operational efficiency and enhanced margins and lifted

The leisure and holiday

activities increased market

share but trading conditions remained difficult. Their con-

tribution to profits fell from

£3.1m to £2.27m.

profits by £1.1m to £2.43m.

year to end-December.

Operating profits from continuing operations were 16 per Belgian result as reasonable in spite of the recession. The cent ahead, from £7.26m to group had acted early to cut £8.4m, on turnover of £67.6m. costs in France as the reces-Last year's total turnover of sion worsened, and further £63.4m contained £1.83m from cost cutting measures were in the discontinued US operation, which was sold in 1992. Provision of £4.44m was In Taiwan, which represents

made for the disposal, but in the event the loss was £3.69m, allowing £750,000 to be released 2 per cent of the group's business, both turnover and operating profits were well ahead. Mr Gore-Andrews said the group Operating profits in the UK and Ireland rose from £4.2m to was planning to continue to grow the business, and would £5.9m on turnover ahead from be exploring the possible opportunities on mainland Mr Russell Gore-Andrews,

Net interest payable fell from

from £227m to £233m. Earnings

worked through at 22.7p (19.1p)

and a final dividend of 8p

Looking ahead, the directors

anticipated a further improve-

ment in profits during 1994,

"particularly from the motor

operation which has had an

They were also looking for

Year-end borrowings were

reduced by 21.5 per cent to

The company's ordinary

shares closed 18p lower at 605p

while the A shares shed 12p at

£15.9m and a further reduction

was looked for in 1994.

complementary acquisitions to enhance all divisions.

excellent start to the year".

raises the total by 1p to 11p.

Barr & Wallace rises

on back of motor side

as UK market improves £1.96m to £1.39m, capital expenditure was down from £7.5m to £4.8m, and gearing fell from 25 per cent to 20 per cent at year end.

Earnings per share were 16.5p, compared with a loss of 4p last time. An unchanged final dividend of 10p is proposed, giving an same-again 13.2p total.

COMMENT

These results were in line with forecasts in spite of worsethan-expected figures from France and the poor fourth quarter in the UK. The group also did well to retrieve some of the anticipated cost of getting out of the lossmaking operations in the US. Operating margins are around 12 per cent - well below the group's potential. The group is well placed both to take advantage of any European recovery and to spread its wings from Taiwan to China. Pre-tax profits of around £10m for this year put it on a prospective multiple of 20 - a little high, but still worth a look.

plant order in December. Automotive side behind

Town Centre Securities, the Leeds-based property investment and development company, yesterday revealed pretax profits of £3.95m for the six months ended December 31 1993, compared with £3.65m.

The interim dividend has been increased by 9 per cent to 1.2p. up from 1.1p.

During the year the company bought the freeholds of two of its leasehold properties with the result that at the year end only £11m of its £193m property portfolio was long leasehold, compared with £64m previously.

There will be a marginal impact on short-term carnings, as a result of the cost of the aconisitions, but the strategy will strengthen the company's

During the interim period, gross rental income increased by 10.5 per cent from £8.91m to £9.84m, while interest charges increased marginally to £3.1m.

Mr Arnold Ziff, chairman, said that the company should "show further steady improvement in the next six months". Earnings per share amounted to 2.68p, up from rise to £1.97m at Ricardo

Ricardo Group, the engineering consultancy, more than dou-£31.7m included £2.92m from the discontinued technical pub-

lications business. The 1992 figures also showed a loss of £197,000 from the technical publishing division, sold in spring 1992, as well as interest payments of £54,000 from discontinued operations. The group also took a £650,000 exceptional property charge.

Stripping out the exceptional items leaves profit on continuing activities before tax for the from £1.78m to £1.97m. Mr Christopher Ross, chief

executive, attributed the rise to margins. Its turnover rose from £10.9m to £14.1m.

based high technology division also rose, from £5.6m to £6.4m. But the aerospace division's sales fell from £12.2m to £9.5m. reflecting the downturn in the world industry. Net interest payable on con-

tinuing operations fell from £191,000 to £118,000, and gearing at the year end was under 4 per cent (20.2 per cent).

Earnings per share were up from 1p to 3.9p. The interim dividend has been raised from

continuing to look for acquisi-

tions following last year's £16m

purchase of most of Darchem,

which makes insulation

systems and fabricated compo-

the drop in profits should

merely interrupt the trend line

rather than imply that Weir

has gone ex-growth. No further

excentional items are expected

this year, and if the company

found no overall, strong and

consistent revival in the mar-

ket for capital goods last year, business did pick up in the sec-

and half and so far this year.

Margins have slipped, but the

company's competitive posi-

tion remains strong, especially

against European rivals. The

strong showing in the Pacific

Rim is encouraging and sus-tainable, and Weir's refusal to

COMMENT

Mr Ross said the prospects for this year were good. The group had launched a limited slip differential gear, aimed at the family car and patented worldwide. "We now have to turn a technical success into a

the acquisition for \$2.26m (£1.54m) of Airflow Sciences Mr Ross.

Arthur Wood rises to £119,000

earthenware, beakers and terracotta teapots. reported pre-tax profits up from £76,882 to £119,134 for the year to end-December.

The improvement was achieved on turnover up by 6.9 per cent to £3.58m (£3.34m) and was struck after a fall in net interest receivable to £11,964 (£25,387) and abortive takeover costs of

Mr Anthony Wood, chairman, said the main

Arthur Wood & Son (Longport), maker of feature of the past six months had been the very strong growth in export sales, which had increased by 48.6 per cent from £498,511 to £740,895, representing 20.7 per cent (14.9 per cent) of total sales.

Disappointingly, the home market had remained flat, he said. Earnings per share emerged at 4.9p (2.79p) and the single dividend for the year is doubled

Group turnover expanded Michael Page bolstered by second half recovery

recruitment and executive by the recession, showed a sharp recovery in the second half of 1993 pushing pre-tax profits up from a restated

£1.86m to £3.84m. The shares gained 1p to 77p

Mr Terry Benson, who has been appointed chief executive, said the profits reflect the recovery in the UK and Australia. In the UK the employment market was at its most active for three years. Permanent

ming from its technological

lead. Devro was floated at 170p

and peaked at 294p as the mar-

ket worked out how to place it

in the food manufacturing sec-

tor. Yesterday its shares fell

12%p to 244%p, apparently because of profit-taking on a

bad day for the market, but perhaps also because of ner-

vousness about the build-up of

cash balances, which could

hinder fast earnings growth.

multiple of 14.5. Given Devro's

underlying strength and the undisclosed new products in

the pipeline the shares may be

Michael Page Group, recruitment, adversely affected Mr Benson.

However, recession created difficult market conditions for all operations in continental Europe. France and the Netherlands maintained profits but there was a small loss in Germany

The dividend is raised from 1.8p to 2.1p, with a final of 1.5p. Turnover rose from £43.64m to £51.2m and earnings per share were 4.01p (2.04p).

By Andrew Bolger

was 11 per cent

NFC sees viable

recovery in UK

Aspen hit by exceptionals

Pre-tax profits of Aspen Communications, the provider of media communication services traded on the USM, fell from £1.83m to £157,000 in

1993. The result was after exceptional charges of £1.13m including £630,000 for bad and doubtful debts and redundancies and £1.23m in respect of goodwill previously written off. There was also an exceptional gain of £1.1m on the disposal of an associated undertaking.

Turnover rose from £60.3m to £64.2m.Losses per share emerged at 2.6p (8.6p earnings). A proposed final divi-dend of 2.9p maintains the

Clinton Cards rises to £3m

retailer, reported further progress in the year to January 29 as profits continued their recovery from £2.31m to VAT, was higher at £75.9m

against £68.2m. There was a 15 per ceut rise in operating profits to £3.46m (£3.01m). The pre-tax figure was further helped by lower net luterest charges of £439,000 (£701,000).

Earnings per share came out at 11.61p (9.76p) and a final dividend of 3.11p is recommended for a total of 4.71p

Floating Rate Notes due 1999

given that the Rate of Interest for the three month periodending 21st June, 1994 has been fixed at 5.375% per amum. The interest accoung for such three month period will be £135.48 per EIO 3881 Beater Note, and £1.354.79 per ERO 3081 Beater Note, on 21st June, 1994 against presentation of Coupon No. 1.



Undated Subordinated Floating Rate Notes For the Interest Period from March 24, 1994 to September 26, 1994 the rate has been determined at 5.5% per annum. The amount

payable on September 26, 1994 per U.S. \$1,000,000 principal amount of Notes will be U.S. \$28.416.67. By: The Chase Manhottan Bank, N.A. CHASE

March 24, 1994

<u>EC</u>



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1.90 to 20. bled pre-tax profits for the six the continued strong performonths to end-December. mance of the automotive divi-They rose from £875,000 to sion, one of the top three in the £1.97m on turnover of £30.1m. world. This had won market The previous turnover of share, although at some cost to

Turnover in the nuclear-

commercial success." Earlier this week Ricardo added a further division with

Cornoration, a Detroit-based company that looks at fluid flow and heat transfer problems. "It has few competitors and is a science we can already understand and manage," said

COMMENT

down in several core areas, through its expansion into new products. Further acquisitions are desirable, given low gearing and Whatman's emphasis on higher technology, but short-term growth will remain steady. On forecast 1993 earnings of £12.5m, the shares are trading on a p/e of 15.5. Given the current business outlook, this represents

By James Buxton,

£13.1m. Turnover was up from E82.7m to £94.4m.

On a pro-forma basis, assuming the post-flotation capital

Mr Graeme Alexander, chief executive, said that half the

BB&EA

declines

to £902,000

Profits of British Building &

Engineering Appliances, the

specialist building products

and services group, fell from £1.41m to £902,000 pre-tax for

the half year to December 31.

The figure was in line with

expectations and was struck

from a higher turnover of

£24.9m (£21m). Interest took

£51,000 more at £234,000 but tax

Earnings per share slipped by 3p to 5.4p but the Interim

dividend is being maintained

Victaulic, the pipeline products

maker, has acquired CE

Heinke, a wholly-owned sub-

CE Heinke, which makes

rubber moulded and extruded

products, made profits before

sidiary of Siebe, for £3.37m.

Victaulic makes

£3.4m acquisition

at 2.5p.

fell from £464,000 to £298,000.

ling's devaluation.

Sales volumes increased in Europe, the US and the Asia Pacific area, with the South Korean market being particularly strong and expansion in Japan, he added. The company's new line in collagen film. used for coating hams, saw sales rise to £4m.

Thanks to the float net borrowings of £69.2m at the beginning of 1993 were paid off. The company generated £27.9m in and had net cash of £4.2m at the end of the year. Devro said it expected to grow organically, especially in

Asia, and to profit from the introduction of new products, of which it gave no details. It added: "The time may be approaching to give careful Earnings per share were

unchanged at 10.5p or on a proforma basis 14.8p (10.5p). A final dividend of 4.17p is pro-Devro, based near Glasgow, is a maker of casings made

from the edible protein colla-

gen, which is gradually gain-ing market share worldwide

from gut casings. The company

was floated after being

acquired by its management from Johnson & Johnson. The results reflect the quality of a company which grew

steadily while achieving greater efficiency and investing £3.5m in R&D. It enjoys high margins, faces no single competitor worldwide and its

The proceeds will be used to

underpriced.

Granada gives LWT final offer date Granada Group has announced that its final offer for London

BZW Convertible

said that the level of earnings increase was unlikely to be

Weekend Television will close on April 5. Mr Alex Bernstein, Granada's chairman, has written to LWT shareholders who have not yet accepted the offer

lifts net asset value

BZW Convertible Investment Trust had a net asset value per share of 140.89p at January 31 1994 against 118.13p at the July

half year rose from £1.73m to 21.94m for earnings per share of 3.83p (3.43p). The directors achieved in the full year.

Analysts are forecasting pretax profits for 1994 of between £28m and £30m, suggesting prospective earnings of about 16.5p, putting the shares on a

the profit had been enhanced by a compensation payment of £3.5m for the cancellation of a property contract and a pension credit of £8.7m, up from £6.9m last time. Underlying growth in operating profits

Pre-tax profits for NFC.

transport and logistics group,

increased by 45 per cent to

£28.3m in the 16 weeks to Janu-

ary 22, against £19.5m. Turn-

over improved to £598.6m, com-

pared with £557.4m, including

£9.2m from discontinued activi-

However the company said

The group, which is seen as a good indicator of economic activity, said the UK economic recovery remained variable. while there were no signs yet of recovery in Europe. It added: "The US offers bet-

ter prospects. There are encouraging signs of increasing activity throughout the logistics sector where the company's sales pipelines are ahead of expectations UK transport and logistics

revenue increased by 5 per cent to £264m, with operating profit increasing by 6 per cent to £16.5m. In the grocery sector, revenue and margins were broadly in line with last year. The industrial market remained difficult. By contrast, the consumer

leum and chemicals sectors performed well. The integration of our UK logistics businesses is proceeding according to plan although only limited restructuring costs have been incurred so far with the bulk of the expenditure to be charged over the

and the automotive and petro-

remainder of the year." NFC said the management team at Lynx, its parcels operation, were reduced from £3.8m to £2.6m in spite of a small decline in revenue.

Revenue in Europe rose 12 per cent to £52.1m and the small loss in the first quarter was a slightly better result than last time.

Earnings per share rose to 3.6p (2.6p). The first interim dividend is raised 7.7 per cent

to 1.4p (1.3p). Irish Permanent plans flotation this summer

By Tim Coone in Dublin

The way has been cleared for the public flotation of the Irish Permanent Building Society on the London and Dublin stock exchanges this summer, following approval of the conversion and flotation plans by the mutual society's members.

The IPBS is Ireland's largest building society, having a 30 per cent share of the residential mortgage market and assets of £2.7bn £2.6bn). It is the first to convert to a plc. Conversion will involve the issue of 84m free shares to

person for a further 100,000. On completion of the flutation, which aims to raise up to 1250m in new capital through the issue of 34m shares, the company is expected to have a market capitalisation of I£180m-1£200m, giving an indicative share price of 150p-166p.

Foreign & Colonial

Foreign & Colonial High income Trust net asset value per share was 81.60 at December 31 against 62.3p a year earlier. For the half year earnings about 227,000 members and a were 1.25p (1.32p) per share cash distribution of 15200 per interim dividend held at 1.2pwere 1.25p (1.32p) per share.

WOOLWICH £200,000,000

In accordance with the provisions of the Notes, notice is hereby



21st March, 1994



DES PETITES ET MOYENNES INTREPRISES

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Petroleum Argus

Argus Fundamentals

Understand what is driving oil prices'

Devro at £18m and sees growth due to windfall currency gains consideration to acquisarising from the effect of stericitons." market is protected by the high barriers to entry stem-

Devro International, the sausage casings maker which came to the stock exchange last June, reported pre-tax profits of £18m for the year to the end of December, against

structure was in place, reported a 27 per cent rise in pre-tax profits rose 27 per cent to £25.6m (£20.1m). Mr Leon Allen, chairman. said Devro was "moving for-

ward in a very satisfactory manner, despite the worldwide

sales growth of 14 per cent was **NEWS DIGEST** interest and tax of £281,000 on ures for the same period last turnover of £4m in the year to

Included in the price is

£800,000 for freehold properties.

Bridgend sells health club for £1.36m Bridgend Group is to sell the health and fitness club Stocks

Fairway shares 12p Fairway Group, the USMtraded stationery and educational supplies distributor, saw its share price rise 12p to 101p yesterday following an optimis-

at Birmingham to Living Wel Health & Leisure for £1.36m, poyable in stages. The book value of the assets is £1,7m and the club made a loss of £23,000 in the year to December 31 1992.

Progress report lifts

lic statement at the annual Mr Gordon Waddell, chairman, said profits for the first two months of this year were

above the board's expectations

and significantly above the fig-

For the 1993 year pre-tax profits of £2.25m were returned from a turnover of £42.3m. All

tributed to the growth, exclu-ding Fairway Business Forms. £5.5m retail buy for

the principal companies con-

Gt Portland Estates Great Portland Estates is to purchase the College Square Shopping Centre in Margate, Kent, from a private investment company for £5.55m in

The scheme produces a rental income of nearly £500,000 a year and is anchored by a Gateway superstore.

Bredero making

£35m disposal

cash

Bredero Properties has entered a conditional contract for the sale of its interest in the Paisley Centre for £34.8m in cash. The contract is with Legal & General Assurance Society and the sale price represents an exit yield of about 7 per cent.

reduce deht

urging them to accept.

31 year-end. Net available revenue for the

An unchanged second quarterly dividend of 1.5p, makes a

Profits from TT Group were helped by the turnround at AB Electronics, acquired at the start of the year, and full year contributions from busines bought in 1992, and showed a 43.8 per cent rise at the pre-tax level to £23.9m.

The figure for the year to December 25 was struck after a £397,000 goodwill write-off relating to the sale of the natural twine business. Mr Timothy Reed, chairman,

said 1994 had started ahead of expectations. The UK and US economies were now coming out of recession.

Group turnover more than doubled to £357.8m, with £156.7m coming from AB. Operating profits rose 42.4 per cent to £27.7m, of which AB made 25.49m. AB was losing about film a month when bought, for £13.6m plus the assumption of £25m of debt, but was into profit by April.

Operating margins for the group were down at 7.7 per cent (11.4 per cent) as AB made cent. The group aims for a 10

N Sea Assets

boosts profit

North Sea Assets, the energy

industry services supplier,

reported pre-tax profits up

from £1.33m, after losses on

asset sales of £478,000, to

The result was also helped

by lower net interest charges

Turnover was £29.3m,

against £23m, which included

£1.44m from discontinued

Continuing activities showed

a 36 per cent improvement but

this was not translated into a

similar increase in profits

hecause of cost over-runs on

Acquisitions and capital

investment totalled 25.8m, but

year-end debt only rose from

£2.3m to £5m for gearing of 58 per cent (25 per cent):

certain projects.

of £468,000, against £656,000.

to £1.95m

An ar

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The electronics and industrial division, into which AB falls, increased profits to £18.6m (£10.3m). Packaging profits were barely ahead at 58.2m (£8.1m) after significant costs in moving three factories to one site. The building services division suffered a downturn in profits from £1.1m to £800,000, feeling the recession in the construction industry as its products are used late in

the building cycle. Interest charges rose £551,000 to £3.35m as a result of the AB borrowings, in spite of the £51.4m proceeds of last summer's rights issue which were received in September. At the year end the group was cash

Mr Nicholas Shipp, joint chief executive, said TT had the resources to make a £50m acquisition but that prices of UK companies had risen sharply over the last year and were out of the group's range

A deal in the US was more likely, although not until later this year or early next.

Richardsons Westgarth, the

steel stockholder and proces-

sor, yesterday reported a 31 per

cent increase in annual profits

and announced plans to raise

95.7m via a fully underwritten

For 1993 the group's continu-

ing operations lifted turnover

from £53.5m to £67m, generating profits of £2.52m (£1.92m)

Earnings edged ahead to 4.9p

(4.6p) and a proposed final divi-

dend of 1.9p raises the total

ordinary shares on a 1-for-4

basis at 85p a share. Yesterday,

the shares closed 4p lower at

their UK manufacturing

operations, several are count-

ing the benefits of having

international sales that far

In 1991 and 1992, it was busi-

ness in continental Europe

that helped offset the gloom at

tinental Europe with it, many

exceed their UK business.

2.3m to 25m for gearing of 58 lolp. be set cent (25 per cent):

Earnings were 2.76p. (2.08p). will be used to finance a the from the dividend is 1.1p (1p).

from 3p to 3.2p.
The cash call is of 7.2m new

the

By John Marrell

Richardsons up 31%

and calls for £5.7m

pre-tax

Frederick Cooper up 37% and confident on future

By Paul Cheeseright, Midlands Correspondent ings per share were 19.3p (16.2p), or 19.8p excluding the 200dwill write-off.

cent (26.2 per cent), helped off-

set some of the dilutive effect

of the rights issue, and earn-

A final dividend of 4p is pro-

posed to give a total of 6.6p

TT is at last gaining the rating

it deserves. Those who took up

last year's rights at 240p will be pleased with a share price up 12p to 384p yesterday. The management's skills at turning

round lossmakers have been

proved once again with the performance at AB. The only

question might be whether there are enough reasonably priced targets these days for

TT to buy. But with many com-panies divesting businesses and TT looking in the US and Europe, as well as the UK, it should find some gems among the hundreds it looks at every

year. On forecasts around £30m

tax rate, the prospective p/e is around 17% which leaves some-

working capital requirements expected to arise from sales

The directors feel the rights

issue will allow the group flexi-

bility to continue to expand

primarily through investment

in new processing capacity and

The issue is underwritten by

On prospects, Mr Roger Pay-

ton, chairman, said trading

across the group for the open-

ing two months of 1994 had

He cautioned, however, that

although he looked to a gen-

eral, though restrained,

increase in demand, that must

be set against overcapacity in steel production in Europe and

the tragility of the UK econ-

Baring Brothers with Cazenove

facilities while maintaining a

sound financial position.

acting as broker.

heen satisfactory

growth in 1994 and 1995.

re-tax and a continuing low

Frederick Cooper, the West Midlands architectural hardware, coatings and electrical group, yesterday reported what it called its "best interim trading performance" since 1989 as it exploited slightly improved markets off a reduced cost base.

Pre-tax profits for the half year to January 31 were 37 per cent higher from £1.77m to £2.43m. Karnings per share rose to 3.3p from Mr Eddie Kirk, chairman,

said he was confident enough about prospects to recomme an increase in the interim dividend from 0.7p to 0.8p. Total payments for the year to last July were 2.2p. "Our costs are firmly under control and we continue to

gain market share in all divisions. Our outstanding order book is 10 per cent higher than last year and addition new products provide further potential to increase turnover in the second half," Mr Kirk

He added that a new range of high security multi-locks had just won orders which would raise turnover by £500,000 a year starting in

During the first half turnover rose from £40.1m to £44_3m, of which £528,000 came from a metal railings business, which has now been

The most striking increase in the results came from the manufacturing side of the security and architectural hardware division, where prof-its more than doubled to over £1m. Spectra, the US coatings business acquired last May, made a first contribution to profits of £170.000.

Although Mr Kirk thinks the prospects for Frederick Cooper are the best for five years, he finds the UK economic recovery "fragile". The coatings trade in Germany remains steady but the French and

Reorganised Wace at £15.9m

Wace, the pre-press and specialist printing group, yes-terday confirmed that new management had put the business back on an even keel following the sudden departure of its chief executive in 1992.

Pre-tax profits. were £15.9m in the year to December 31, compared with losses of £28.4m caused by substantial property Write-downs and restructuring provisions. Turnover grew from £321m to £336m.

Mr Frans ten Bos, chairman, said: "While economic prospects remain uncertain there has been an encouraging start to the year but there is no clear evidence of increased activity in our major markets. However, there are good opportunities to reduce further our cost base and rationalise our

Wace spent £3.1m on reor-ganisation and redundancy and cut the workforce from 5,038 to 4,621, with most jobs being shed in the US.

Mr Trevor Grice, chief executive, said Wace had a lot of little business which he had been "clustering" into larger

This focusing would con-



Frans ten Bos: hoping for further reductions in the cost base

tinue, although at a less rapid

Mr Grice said tighter financial and operational disciplines helped to generate £23.3m of cash. This, together with the proceeds of a £6.2m share placement, reduced group borrowings by £29.5m to £59.2m. per cent, but Mr Grice said the

group had agreed with its bankers that it would be better for shareholders if gearing was reduced by cashflow, rather than a rights issue.

The group said that uncertainty resulting from the planned sale of Wace USA at the beginning of the year was largely responsible for its trading profits falling from £9.02m was announced that the business would remain within Wace, performance had recovered - particularly in the second half.

Earnings per share were 11.6p, compared with losses of

A proposed final dividend of 2.5p gives a total of 3.5p (2.25p), a rise of 56 per cent.

These figures were well received and the shares rose by 4p to 247p - a long way from the 48p they touched at the end of 1992 following the sudden exit of Mr John Clegg. With his successor, Mr Grice, firmly in the saddle, analysts can focus on more traditional questions
- when will the advertising long-term threat to pre-press, as agencies and other custom-Wace is highly geared operationally for any upturn in demand, but that still looks elusive. On forecast profits of £22m this year, the shares are on a prospective multiple of 17. They have had a good run, but could still have further unside if and when advertising vol-

Quality Software meets market hopes

Quality Software Products, the Gateshead-based developer of large scale accounting software, met market expectations at the end of its first year after ioining the main market.

The group made profits before tax of £553,000 in the year to the end of December, a 54 per cent decline on the £1.2m recorded the year before.

The company said the profit but also because it completed

had been invested in position-ing the business for a much larger market.

Turnover rose slightly to £13.3m (£13.1m). Earnings totalled 7.3p (20.6p) and a dividend of 1.25p is recommended. QSP specialises in accounting software for large companies. The 1993 year was a period of extreme disruption

version of its flagship Olas product. Universal OLAS has now been sold to eight customers and is live at one, Express

Mr Alan Mordain, chairman, said the remaining systems would be fully operational by

The company's prospects have been greatly improved by deals struck earlier in the year of insurance software and with Global Software, a US accounting software company with some 800 customers.

It is thought likely that many of Global's customers will wish to adopt the advanced client-server design of Universal Olas. Mr Mordain said that the six principal mod-ules in Universal Olas had now been completed and were ready

Lower whisky prices hit Burn Stewart

Profits at Burn Stewart Distillers, the Scotch whisky producer, collapsed in the six months to end-December as a result of falling whisky prices. Pre-tax profits were down 58 per cent at £1.81m on sales 3.6 per cent lower at £19.5m. Mr Bill Thornton, chairman, said prices

Italian markets are still sing for its case sales of whisky were down 12 and bulk sales the remainder. Of the 84 Earnings per share were 2.08p (4.95p) gish. Earnings per share were 2.08p (4.95p) per cent, though volume had risen by 44 per cent, 50 percentage points went to own and the dividend was held at 1.7p.

chiefly from the multiple retailers.

"Pricing is the key factor for the future.

Our view is that any move from here can only be up, but there's no evidence that will happen in the short term. We're optimistic about some progress in 1995."

In 1993, the company said, case sales had made up 84 per cent of its total volume

per cent. The price pressure had come label and the remaining 34 to Burn Stewart brands.

Bulk whisky sales were down 10 per cent by volume, Mr Thornton said. Because most of these sales were of highmargin mature malt, this had a disproportionate effect on profits.

The pre-tax figure was after a gain this time on disposal of shares of £298,000.

A time to look ahead and assess the benefits of recession

Now that signs of an industrial recovery in the UK are showing through, Andrew Baxter takes a last look at the FT Six

sion is more or less over and that activity is picking up at a modest pace has been the message accompanying improved results from manufacturers over the past

That relief is shared by the six engineering companies the FT has been tracking out of the recession since 1992. But this last report in an occa-sional series demonstrates that the unturn in the UK is not the only thing for which they are

The broad conclusion to emerge from this series is that the six companies have come through the recession in reasonably good shape, albeit somewhat shimmer. An article in tomorrow's FT Ingenuity survey, for example, shows that product development programmes have been maintained and even, occasionally, extended throughout the past

three vears. Top executives from the six companies met recently for the first time to review progress and reflect on the broader issues relating to manufacturing in the UK.

As they look back on three tough years of trading, punctu-ated by mevitable job cuts in

home. But as Germany plunged into recession, dragging the rest of conment vet.

looking to the US market to lift their fortunes. More recently, the UK has been picking up Bloxwich Engineering At Bloxwich Engineering, which makes vehicle parts and other products, sales to the car industry have picked up, says for overseas markets. Mr Peter Burton, chief execu-

Overall, he thinks the company's UK business is "comin on genfly," and points out that its forging business, which covers a broad spectrum of markets, has seen slightly increased demand.

071 329 8282

Senior Engineering

Mr John Beil, chief executive at Senior Engineering, the specialist tubing, ductwork and boilers group, agrees that "coming on gently" is exactly the right expression to use for conditions in the UK market, with sales to some industries going very well and others not seeing any improve-

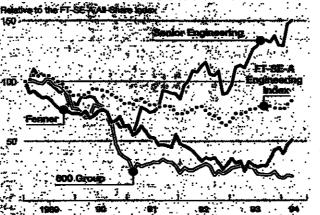
Posiva

of the FT Six have been At Posiva, the Scunthorpebased importer of gears and drives, business has picked up since about the middle of last year, especially in the textile machine industry, although Mr Reg Bricknell, managing director, notes that the uplift is coming mainly from customers whose equipment is destined The same applies for gear-

boxes going into mechanical handling equipment, he says.

600 Group At 600 Group, which manufactures and distributes machine tools and materials handling

How the shares fared



equipment, there has been some improvement in the UK machine tool market, which always comes late in the cycle. says Mr Colin Gaskell, manag-

"But I don't like to say recovery is on the way in case the government does something stupid like putting 5 per cent on interest rates," he SHYS.

fore are not publicly quoted co **JC Bamford**

Mr Martin Coyne, chief execu-tive of JC Bamford, the biggest UK construction equipment producer, says UK business picked up about 20 per cent last year, reflecting the way the plant hirers attenuate

trends - they had destocked to

such an extent that even a

slight increase in business

But in terms of conditions in the construction industry, which JCB serves, with only a slight increase in housebuilding activity Mr Coyne is still fairly pessimistic about the recession being over.

Fenner

Mr Mark Abrahams, finance director at Fenner, which makes fluid power equipment, industrial conveyor belting and transmission products, makes slightly different point about the UK recession.

"We've seen quite a signifi-cant number of our UK customers disappear. The previous recession took a large slice out and now another slice has gone. It's a slightly worrying trend," he says.

It is no wonder, therefore. that companies are relieved not to be too dependent on the UK. "British groups which have any businesses in North America are saying thank goodness', as you will see when our numbers come out [next week]." says Mr Bell. That is not simply because of

leads to a big demand for new current market conditions, he says: the UK's economy still has a see-saw nature, "and that would worry me about having

too big a UK sales base." Mr Gaskell and Mr Coyne, too, are glad that they only have 25 per cent of their businesses in the UK. JCB is doing extremely well in the US and at 600 Group overseas markets, apart from Europe, are showing quite a strong recovery.

On the other hand, there is general agreement that the UK is an attractive base for manufacturing, if not always for selling. "There's no better place to manufacture than the UK," says Mr Coyne. "It's half the cost of Germany." Mr Bricknell, meanwhile, says he is try-ing to persuade his German

parent company to start manufacturing in the UK. Still, not all the FT Six would make the UK their first choice for any future investment in new factories. Mr Gaskell believes that, although pay rates are higher in the US, "you can run a leaner operation there".

Mr Abrahams argues that UK manufacturing may have learnt some good lessons through the past two recessions, after it had had it too good for too long, but the cycles have destroyed much of

Varying solutions, therefore, are proposed for how the gov-ernment and the City could help build up the UK's manufacturing base. Old-fashioned intervention is generally ruled out, although Mr Burton believes a government industrial strategy is needed to prevent recurrence of a "disgrace" such as the collapse of Ley-

Others, like Mr Gaskell, believe the UK economy would be in better shape if government spending and bureaucratic waste was cut, and both he and Mr Bricknell believe industry should have a much stronger role in controlling how government money on research and development is

Mr Coyne says the UK needs to emulate the ability of the Japanese to get finance for new investment into the grass roots of British industry, thus creating an environment where small companies can



The Export-Import Bank of Korea US\$100.000.000

Floating Rate Notes Due 1997

In accordance with the provisions of the Floating Rate Notes, notice is hereby given as follows: interest Period : March 23, 1994 to September 23, 1994 (184 days)

Rate of Interest : 4.5/18% per arithum Coupon Amount : US\$2,204.17 (per note of US\$100,000) US\$5,510.42 (per note of US\$250,000)





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LEGÁL NOTICES

Companies Act 1985 MOVEX (UE) LIMITED Notice is hearby given that-(a) By a written special seati

vittes special suschmion algaed by al olders of the Company on 21st Marci the identification of the Company on 21st search 1994 it was tracked that a payment of \$61,500 out of the Company's capital (at defined in Sociosas 170,171,172 of the Companies Act 1965) in respect of the perchase by the Company from two of its members of an aggregate amount of 123,200 Preference Shares of £1, each under Section 162 of the Companies Act 1985 be extended.

(b) The amount of the permissible ca (a) Anno amount or two permissions objects prepared as defined by Section 170,172,172 of the Companies Act 1965 was \$61,600 (c) The statetory declaration and auditors report (c) The statisticy declaration and auditors report required by Sections 173,174 of the Companion Act 1985 both of which are dented 15th Moreit 1994 are available for imposition at the registered office of the Company at Savils House, Savila Root, Elland, Baliffax, West Yorkshire; and (d) Any creditor of the Company may apply to the High Comt under Sections 176,177 of the Companion Act 1985 within the period of five weeks intracditately following Monday the 21st day of March 1994 for an Order probabiling the command.

payment. Dated 22nd March 1994 Bremhode Hopw Cloth Hall Court omh & Chedwick Leada LS1 2JB oliciton for Movez (UK) Limited

UNOCAL®

U.S. \$200,000,000 Union Oil Company of California Guaranteed Floating Rate Notes due 1996

> Guaranteed by **Unocal Corporation**

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending on 23rd September, 1994 has been fixed at 4.75% per annum. The interest accruing for such six month period will be U.S. \$242.78 per U.S. \$10,000 bearer Note, and U.S. \$2.427.78 per U.S. \$100,000 bearer Note, on 23rd September, 1994 against presentation of Coupon No. 17.

For holders of fully registered Notes the Rate of Interest for the six FOR MARGERS OF MANY REGISTERED NOTES THE Rate of Interest for the six month period ending on 23rd September, 1994 has been fixed at 4.75% per annua. The interest accruing for such six month period will be U.S. \$242.78 per U.S. \$10.000 fully registered Notes, and integral multiples thereof; payable 23rd September, 1994.



21st March, 1994

London Brench

castorama

dubois investissements

1993 GROUP INCOME ADVANCES 28 %

Consolidated sales (in FRF millions)	1992	1993	% change
Gross sales	12,313	13,749	+ 11.7 %
Net income, before depreciation and tex			
TOTAL	307,2	392,7	+ 27.8 %
Group net Income	292,1	375,0	+ 28.4 %
Number of shares outstanding	12,041,578	13,222,331	+ 9.8%
Net income per share	FRF 24.30	FRF 28.40	+ 16.9 %

1993 OPERATIONS REVIEW

CASTORAMA's Franch expansion program comprised the enlargement of three existing stores and three

A new store was opened at Rillieux La Pape (near Lyon)

- Transfers and enlargements at Bondues (northern France) and Le Mans (western France) in Italy, new openings at Bollate (Milan) and Marcon (Venice) brought the number of Castorama stores to 4. The Group created 850 jobs and now employs a workforce of 13,000.

CASTORAMA expects sales growth of 10.5 % to more than FRF 15 billion. Once again this year, the Group will be spending very heavily (FRF 600 mittion) on further growth:

CASTORAMA will continue to fine-tune its French network while emphasizing growth in Europe, opening two stores in Germany and its first store in Belokum. ANNUAL SHAREHOLDERS' MEETING - Monday, May 9, 1994 It is proposed to declare a net dividend of FRF 9.40 per share, to be paid in cash or in shares. The dividend per share is up 16 %, on a 10 % greater number of shares as a result of a capital increase

owing the exercise of share purchase warrants expiring at the end of 1993 Shareholder information - Phone: 33-1 20 87 75 11 or Minitel 3616 CASTORAMA

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The German government yesterday announced the launch of a new research project to examine whether the cattle disease bovine spongiform encephalopathy (BSE) can be transmitted to human

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The initiative comes as the country is pushing for a European Union ban on British beef imports, arguing that there is still no conclusive evidence that the disease cannot affect

Seven German universities and research institutes will be sponsored by the country's search and technology ministry to examine possible connections between the origins of Creutzfeldt Jakob disease and

Several German scientists

have expressed concern that BSE - popularly known as "mad cow disease" because of the way it debilitates the brains of cattle - may be transmissible to humans who eat contaminated beef or take medicines made with ingredients from contaminated ani-

"The danger that BSE can be transmitted to humans is minimal or non-existent," said Professor Hans Kretzschmar from Göttingen University, "However, we do not know that it is [British beef] should not be imported.

Contaminated British beef will be discussed at a meeting Britain.

Gerstmann Sträussler syn- of EU health ministers on drome, which very rarely affect March 30, but a German official said that any decisions about a ban would be made by the union's agriculture ministers, who were likely to argue that existing safeguards were

sufficient. In 1992, the last year for which figures are available, Germany imported 2,092 tonnes of British beef - 2 per cent of all its beef imports from other EU countries - and 13

tonnes of veal. The research ministry said that more than 100,000 cattle had died as a result of catching BSE in Britain, A further 50 cases of the disease had been recorded in Switzerland and there were two known cases in Germany, one of which affected a cow imported from

> gold mining companies.
>
> He suggests that the bullion lending market has trebled in the last ten years to about 2,000 tonnes, equivalent to one year's supply from all the world's gold mines. About 75 per cent of this is lent by between 45 and 50 central banks and other official monetary institutions. And they do it for the money. Their net annual earnings from lending

between US\$100m and \$140m. Most of the gold is borrowed by miners to support hedging operations and to finance exploration and extraction activities. All hedging operations need the support of

growth in gold lending seen in the 1980s is unlikely to be repeated but demand will continue to increase for the next five to seven years. However, development might be slowed because several financial institutions have withdrawn from gold trading, reducing the number of counterparties likely to be regarded by central

Bank cleans | Argyle digs deep for precious prizes up from Kenneth Gooding visits the world's biggest diamond producer gold lending

from the sandstone in

the silt carried to it by the Ord

River after the wettest wet sea-

son experienced for 100 years

in this remote region in the far

About half a metre of rain in

the past month has washed out

one of the roads leading to the

huge open pit at the Argyle

diamond mine. But the

weather has not delayed a

A\$100m project designed to

ensure that Argyle remains the

Argyle produced 7.9 tonnes

of diamonds last year or 34 per

cent of the global total. How-

ever, as the pit goes deeper the

deposit contains fewer dia-

monds and Argyle has been

spending so as to increase the

tonnage of material shifted

each year - to about 40m

world's biggest diamond pro-

ducer into the next decade.

north of Western Australia.

Mining Correspondent

The Bank of England is profiting greatly from the upsurge in gold bullion lending, according to a study pub-

ished today. London is the dominant market for gold lending and for metal to be of practical value to dealers it has to be located there. So those central banks which are providing most of the bullion for lending have been moving gold to the Bank of England for safe keeping.

For this it makes a charge. This trend has seen more than 500 tonnes of gold previ-ously held by the US Federal Reserve Bank in New York on behalf of other central banks moved to London in the past few years, says Mr lan Cox. author of the paper published by the World Gold Council, a promotional body financed by

gold – which not long ago was a non-earning asset

borrowed gold.

Mr Cox says the explosive

he massive, man-made
Argyle dam is blood-red
This will give an extra 2m tonnes of ore (taking it to an This will give an extra 2m the scheme would be viable. annual 8.6m tonnes) and should keep diamond output relatively constant for another seven years. By that time the pit will have reached its maxi-

mum depth of 320 metres. Argyle's diamond output is likely to rise a little this year and next before falling back again in 1996, according to Mr Ron Bates, general manager, operations.

By 1996 the pit's owners, CRA the Australian affiliate of RTZ Corporation of the UK. with 60 per cent, and Ashtor Mining, about one-third owned by the Malaysian Mining Cor-poration, will have to decide whether to build an underground mine at the bottom of the pit. Mr Bates says Argyle has been scouring the world for suitable low-cost underground mining methods but it is far too early to say whether

The partners' search for more diamond deposits nearby has drawn a blank so far. The joint venturers spent A\$150m on exploration and feasibility studies and then A\$475m to bring Argyle into production in 1985. Since then the mine has produced about 40 tonnes of

diamonds and given the part-

ners on average a handsome 30

per cent return on their invest-

Indications from the partners' annual results suggest that Argyle's output last year was worth about A\$500m and produced an after tax profit of about A\$100m for them to

Although Argyle ranks first in diamond output by weight, it is only sixth in the world in the value of diamonds it produces. Some 5 per cent of the diamonds from Argyle account for 50 per cent of its revenue

domestic market. According to

while 50 per cent are industrial stones of little value and produce only 5 per cent of the revenue.

setb

Mr Bates points out that in mining terms the industrial stones should be seen as a by-product that must be extracted along with the mine's main product. The remaining 45 per cent of the mine's output is of cheap gem

The key to Argyle's success. therefore, has been new technology that enables it to sort billions of diamonds - many of them virtually worthless - a task traditional sorting methods could not handle. CRA has developed a system using X-rays to locate the diamonds in crushed ore - they glow in the beams - and then microcomputer-controlled machines blast air to blow each one out of the material at a rate of up to 500 a second.

Coffee futures retreat after hitting fresh three-year highs

By Deborah Hargreaves

Coffee prices hit fresh three-year highs before retreating towards the close at the London Commodity Exchange yesterday. The May futures position closed at \$1,347 a tonne, \$17 off the peak and \$5

Some traders were concerned that coffee prices had risen too quickly and were due for a correction. "London is looking exceptionally over-bought: it's a bit worrying," said Mr Lawrence Eagles, coffee analyst at GNI, the London brokerage

Prices have surged by nearly 15 per cent since the beginning of the year after a tightening in supplies caused by some crop problems, rising consumption and the effects of the producers' export retention

Stocks of coffee held by consuming countries dropped to 17m bags at the end of January

from 18.4m bags last October. Mr Eagles suggested there would be a fairly steady draw down for the rest of the year to about 12m bags by 1995.

The drop in consumer stocks is one indication of the success of the retention scheme set up by 40 producers in October. Producers agreed to withhold 20 per cent of their supplies from the export market until prices reached a predetermined

That level was almost achieved yesterday when the daily indicator price rose to 74.88 cents a pound. When it gets to 75 cents producers will keep back only 10 per cent. However, this prospect has largely been accounted for in the recent move in coffee

If the indicator rose by another 10 cents producers could begin releasing stocks on to the market again. But that is some way off. Producing and consuming

Precious Metals continued

nations came closer to agreeing a compromise on a new International Coffee Agreement yesterday. The new pact could allow the industry to negotiate economic clauses if the political will arose at some stage in the future, but any economic provisions discussed would then have to be incorpo-

rated into a new pact. GNI has dramatically reduced its forecast for the deficit in this year's cocca crop from 241,000 tonnes to just 50,000 tonnes. But its says these are largely accounting changes and that, with stocks reduced significantly by the decision to liquidate the International Cocoa Organisation's buffer stock, and crop output static, prices should still rise.

The brokerage house forecasts that the stock to consumption level will fall below 30 per cent in the current crop the lowest level since 1977 when prices averaged nearly £3,000 a tonne

Indian jute faces stiff challenge

The Indian inte mill industry. which always has enjoyed a the federal and state governments fears that it is going to lose a large part of the domesthetic materials following a recent revision of the duty structure.

The excise duty on traditional jute products like hessian, sacking and yarn has gone up by 112 per cent with the government changing the levy from a fixed Rs760 (£16.30) a tonne to 10 per cent ad valorem. At the same time, the duty on synthetic bags has been reduced by 5 per cent to 30 per cent. In addition the customs duty on polypropylene granules, the raw material for synthetic bags, has been cut by

10 per cent to 65 per cent.
The duty on synthetic packaging material had always been kept high to give protection to jute. According to the officials of the Indian Jute Mills Association, following

the duty revision, the price of a jute laminated bag has gone up from Rs11.50 to Rs15 while that of a synthetic bag has fallen from Rs8 to Rs7.75. As a result, the fertiliser industry, which packs nearly 50 per cent of its production in synthetic bags is expected to reduce further the use of laminated jute bags.

In the meantime, the cement manufacturers, responding the demand of consumers and lower prices of synthetic bags, have almost given up jute bags. This is in spite of a government order, introduced in 1987, that cement should only be packed in jute bags. The order also says that the principal packing material for fertil-iser should be jute. But the federal government has let it be known that "jute will not be given protection for ever" and the user industries should have the freedom to decide

which packing material to use. IJMA officials, who have been able to enlist the support of the government of West Bengal, will entreat the federal government to restore the old

MEAT AND LIVESTOCK

ILLIVE CATTLE CME (40,000lbs; cents/lbs

duty structure so that jute does not lose any more of the

them, "jute deserves special treatment since it supports over 4m farmer families and over 225,000 jute mill workers". After the setback in the cement and fertiliser sectors. the mainstay for jute packag-ing material is foodgrains and sugar. But it is feared that on balance. once sugar is packed in 50 kg the International Labour Organisation made a recommendation to this effect a long time ago - synthetics may

of sugar, the commodity is now exclusively packed in jute While the industry was facing a crisis in the domestic market, its exports in the nine months to December 1993 rose to 158,024 from 137,778 tonnes in the corresponding period of the previous year. Export earn-

the period increased

Rs2.77bn from Rs2.37bn.

become the preferred packag-

ing material for sugar. As syn-

thetic bags cannot hold 100 kg

MARKET REPORT

Copper rise meets resistance

A late rise in the London Metal Exchange three months delivery COPPER price above the \$1,960-a-tonne resistance level was not maintained yesterday as profit-taking and resistance trimmed gains. A high of \$1,966 was reached before the price dropped back to \$1,956, up \$6

Dealers suggested the failure to hold above \$1,960 could signal a retracement in the short term, but still thought prices were set to move higher, given encouraging chart patterns and improving fundamentals

ALUMINIUM held steadier in line with copper, although apart from some short-covering and trade interest business remained slack.

NICKEL'S breach of \$5,700 a tonne in late trading triggered stop-loss buving orders and short-covering, which chased the market higher.

ZINC remained under pres ings from jute goods during sure as its recent technical bounce lost momentum. Compiled from Reuter

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Amelgameted Metal Trading)

1313-4

1338-8-5

Previous	1313.5-4.5	1338.5-9.0
High/low AM Official	1316-6.5	1344/1333 1339.5-40
Kerb close		1339.5-40
Open int. Total daily turnover	270,714 46,390	
M ALUMONIUM ALL		4
Close	1285-70	1285-90
Previous	1270-5	1285-90
High/low		1300/1290
AM Official Kerb close	1275-85	1285-300 1280-90
Open int.	4,541	1200-00
Total daily turnover	539	
E LEAD (\$ per tonn	<u>oj</u>	
Close	460-1	474-4.5
Previous High/low	462.5-3.5	477-8 476/473
AM Official	460.5-61	479-4
Korb close	22.520	474-5
Open int. Total daily turnover	33,632 8,627	
M NICKEL (S per to		
Close	5860-70	5725-30
Provious Visit form	5620-30	\$685-90
High/low AM Official	5610-20	5750/5670 5675-80
Kerto clasa		5735-40
Open int. Total daily turnover	50,965 10,354	
TIN (S per tonne)		
Close	5470-80	5520-30
Previous	5475-80	5525-30
High-low		5540/\$460
AND CHROMAN	CACO CC	
AM Official Kerb close	5460-65	5510-15 5535-40
Kerb close Open int.	19,883	
Kerb close Open int. Total daily turnover	19.883 4,868	5535-40
Kerb close Open int. Total daily turnover M. ZINC, special hi	19,883 4,868 gh grade (5 per	5535-40 larine)
Kerb close Open est. Total daily turnover ZINC, special hi Close Pravious	19.883 4,868	5535-40
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PRECIOUS METALS **III LONDON BULLION MARKET**

Gold (Troy cz.)	S price	£ equiv.
Clase	388.70-389,10	-
Opening	388.60-389.00	
Morning fix	388.40	261.092
Afternoon fix	388.25	260,658
Cay's High	365.90-369.30	
Day's Low	387.40-387.80	
Previous close	389.00-389.50	
Loco Lán Mean (iold Lending Rati	es (Va LISS)
1 month		
2 months	.3.34 12 mont	
Silver Flx	o/trov oz.	US cha squay.
Soot	375.65	559.00
3 months	380.30	564.10
6 months	384,85	568.90
1 year	394.86	583.50
Gold Coins	\$ price	£ equiv.
Krucerrand	390-393	262-265
Maple Leaf	389-20-401.75	-

E GOLD COMEX (100 Troy oc.; 5/troy oz.) E PALLADRIM NYMEX (100 Troy oz.; \$/troy oz.) 135.95 +0.05 139.00 139.00 +3.8 589.0 557.5 +6.4 571.0 586.0 +3.7 572.0 588.0 7 +3.7 577.0 582.5 1 +3.7 580.0 587.0 +3.7 586.0 573.0 589.0 557.5 762 571.0 586.0 5 572.0 588.0 72.483 3 577.0 582.5 18.227 580.0 587.0 5,020 588.0 573.0 9,914 **ENERGY** III CRUDE OIL NYMEX (42,000 US galls. \$/ba 13.72 80,709 13.71 29,872 13.85 17,302 13.96 11,827 14.17 4,994 14.26 1,994 M HEATING OIL HYMEX (42,000 US galls; c/US galls.) Latest Day's price change 45-25 +40.05 43.75 -0.14 43.65 -0.14 44.20 -40.06 45.10 +0.14 Open let

-1.25 142.25 140.75 27.505 -1.50 141.00 139.75 17.800 -1.50 140.75 139.50 20.157 -1.00 141.75 141.90 13.332 -1.50 143.00 143.00 5.578 1,131 898 81 E NATURAL GAS KNEX (10,000 combox; s/monbox) 2.070 13,482 2.100 15,972 2.106 9,756 2.115 -0.014 2.135 2.115 9.439 2.130 -0.017 2.145 2.130 9.528 2130 -0.017 2145 2130 8,529 2150 -0.017 2185 2155 10,452 -0.12 47.10 48.50 24.115 9.256 -0.17 47.55 48.96 47.909 8.557 -0.24 47.89 47.35 23.478 3.121 -0.27 47.55 47.40 9.755 1.480 -0.30 47.30 47.10 7.759 841 -0.35 47.05 46.55 4.930 209

106.35 106.35 107.15 92.65 93.50 231,185 67,195 ■ MAIZE CST (5,000 bu min; cents/56to bushet) +1/2 285/2 281/2 3,955 5,370 +1/0 288/4 284/6 580,995 77,895 +0/2 275/5 273/2 579,010 38,435 - 263/2 261/0 134,330 5,150 1,53391 147-295 ■ BARLEY LCE (2 per tonne) 106.65 +1.65 106.85 +0.85 106.50 106.50 92.85 -0.15 83.80 93.80 95.60 -0.10 95.50 95.50 97.70 -0.05 97.70 97.70 SCYABEAN OIL CET (80,000 lbs: cents/lb) +0.50 22.43 29.00 365 +0.50 22.40 29.95 33.021 +0.44 23.90 29.95 27.052 +0.45 23.55 28.00 80.02 +0.38 27.60 27.25 8.316 +0.27 27.05 25.71 8.467 +0.27 27.05 25.71 8.467 +0.8 195.0 193.1 183 +0.9 195.8 193.7 29,484 +0.6 194.8 193.2 24,922 0 193.2 193.1 7,092 0 190.8 190.0 5,823 193.7 29,484 6,286 193.2 24,922 2,524 193.1 7,092 425 190.0 5,823 347 189.2 3,086 87 80,344 11,191 FOTATOES LCE (ENonne)

GRAINS AND OIL SEEDS

WHEAT LCE (E per tonne)

LIVERPOOL-Spot and shipment sales amounted to 350 tonnes for the week ended 18 March, against 206 tonnes in the provious week. Restricted operations involved few frost detrings. Only occasional interest displayed in

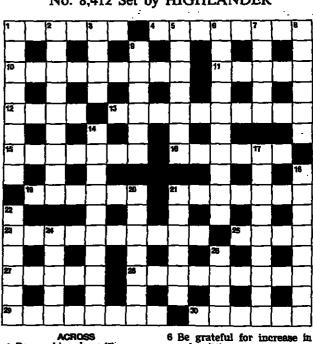
980 15,641 1,441 975 10,636 650 990 17,108 567 1009 23,606 788 1247 1273 1292 1320 1357 1370 9,406 6,575 9,458 5,358 ■ COCCA (ICCO) (SDR's/tonns 948.48 ■ COFFEE LCE (\$/tonne) 261 71 15,028 2,389 13,857 2,524 6,140 609 3,559 360 4,959 54 46,548 6,025 1359 1364 1369 1365 1363 1358 83.25 +0.35 83.90 82.30 33.557 6,843 84.65 +0.40 84.90 83.70 12,292 2,710 85.75 +0.40 85.90 84.85 6.086 760 88.75 +0.20 87.25 87.20 1,131 11 88.55 +0.15 88.25 88.10 1.87 283 87.10 1.87 283 87.75 +0.20 87.25 87.20 1,131 11 1,131 11 151 1 57,887 10,548 M No? PREMIUM PAW SUGAR LCE (cents/bs) 1,218 2,726 145 338.10 +0.70 338.00 338.00 6.866 333.20 +0.70 333.00 331.00 5.865 311.70 +0.80 311.50 310.00 4.861 307.80 +0.50 -100 306.50 +0.10 308.00 306.00 487 307.40 -232 SUGAR "11" CSCE (112,000lbs; cents/lbs) 12.16 - 12.19 12.16 62.343 5.300 12.37 +0.04 12.38 12.29 38.002 2.235 11.65 +0.03 11.67 11.78 30.482 1.835 11.45 +0.06 11.45 11.36 12.89 855 11.42 +0.06 11.35 11.31 12.89 855 11.42 +0.06 11.35 11.31 1.250 40 11.38 11.33 11.33 1.620 13 14.88 14.78 14.78 14.88 14.78 COTTON NYCE (50,000lbs; cents/lbs) 77.57 +1.58 77.90 76.25 22.754 4.034 77.53 +1.55 76.10 76.90 14.338 1.943 74.24 +0.94 74.90 73.90 2,744 423 71.50 +0.65 74.90 73.90 2,744 423 72.45 +0.75 72.55 72.90 690 13 73.25 +0.90 72.90 72.90 231 18 88.007 74.88 M ORANGE JURCE NYCE (15,000lbs; carts/lbs) -0.30 111.45 109.80 8,005 242
-0.15 114.00 11270 5,531 71
+0.53 115.73 115.10 2125 67
+0.55 114.75 115.10 2125 67
+0.55 114.75 114.15 1,724 25
+0.05 114.75 114.15 1,724 25
+0.05 116.50 116.06 195 18 114.00 +0.05 114.75 114.15 1,724 116.30 +0.05 116.50 116.00 195 Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT. INDICES ■ REUTERS (Base: 18/9/31=100) Mar 22 month *go 1821.2 1789.4

■ CRB Futures (Base: 4/9/56=100)

76.475 -0.300 76.850 76.400 33.068 74.229 -0.125 74.825 74.200 23.351 72.750 -0.100 72.950 72.700 12.952 73.625 -0.075 73.650 73.600 9.900 73.900 -0.125 74.075 73.900 2.510 1,526 817 250 103 47.275 +0.325 47.350 46.875 8.552 54.875 +0.725 54.700 \$3.825 11,854 \$3,775 +0,425 53,950 \$3,325 \$2,050 +0,475 \$2,100 \$1,550 47,575 +0,125 47,475 47,450 55.575 +0.825 55.800 54.150 LONDON TRADED OPTIONS 22 33 47 JE COPPER (Grade A) LIME LONDON SPOT MARKETS IN CRUIDE OIL FOR (per barrel/May) Dubai Brent Blend (date Brent Blend (May) W.T.L (1pm est) \$14.63-4.66 \$13.79-3.81 Hagwy Fuel Oil Naphtha Jet Fuel \$70-72 Gold (per troy oz)# Shver (per troy oz)# Patinum (per troy oz.) Patiedium (per troy oz.) 565.50c -1.40 -0.35 Copper (US prod.) Lead (US prod.) 96,00c 35,00c 14,35r +3.00 Cattle (live weight)† Sheep (live weight)† Pigs (live weight) 127.950 138.39p 77.58p Lon. day sugar (raw Lon. day sugar (whi Tate & Lyle export \$293,30 \$342.30 £310.00 Barley (Eng. feed) Maizo (US No3 Yellow) Wheat (US Dark North) 70.75p 71.25p 252.00m Rubber (Apr) P +0.25 +1.00 +15.0 Coconut Oil (Phil) Palm Oil (Meley.)§ Copra (Prii)§ Soyabeans (US) \$343.0 @0.0013 -20 +0.45

CROSSWORD

No. 8,412 Set by HIGHLANDER



ACROSS 1 Dog working sheep (6) 4 Old swimmer in Rosebay? (8)

11 Opt for stout (5)
12 For example round marine micro-organism spreading disease (4)
13 Administrator has letter expressed to another execudisease (4)

13 Administrator has letter expressed to another executive (10)

14 The French dug in haphaz.

15 Enoughete, to be fair (9)

16 Oungerous fish roam about in top of Gulf (8)

20 Show former his unfinished

ardly, without interest (7)

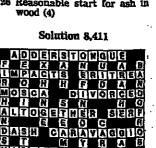
16 Sovereign remedy = Q/51/9 (6)

19 Small hound is live and nimble when no one in the mid-

(6)
1 Ireland 24 Dress up proper and play quietly (5)
follow 26 Reasonable start for ash in to make light tans (7)
28 Part of press follow cross-country race (5,5)
25 Revenue men showing

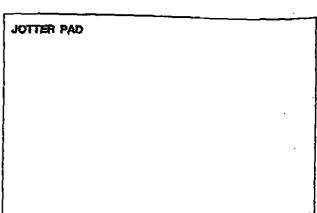
27 Hold fast having caught fish officer (9) 29 Split peas price (8)

water by containing flow (6) DOWN 1 What mercenary suitor tries to do? Say it with flower! (8) cleaner arrangement (9) Sign on old people (4) 5 Pull seniority to hold key for



value (10)
7 Wimbledon score card (5)

9 Reptile girl on way to south-



1.3

Heavy setback as interest rate hopes dwindle

By Terry Byland, UK Stock Market Editor

Disappointing inflation data for last month badly upset the UK stock market yesterday, reversing an initial attempt by London to follow other European bourses in a favourable response to the latest developments in the global interest rate drama. In early trading, the FT-SE Index was 23 points ahead, encouraged by bond market firmness following the overnight statement from the US Federal Reserve and then by a significant easing in repos rates at the Bundesbank tender yesterday morning. But the FT-SE Index closed 46.2 down at a new low for the year of 3,155.3.

Both gilt-edged and equities went heavily into reverse at mid-morning on news that the UK retail price

index showed a 0.6 per cent gain last month, against market expectations of an increase of only 0.4 per cent. The news was interpreted as a severe blow to the already dwindling hopes for the cut in UK base rates keenly sought by the stock market as a counter influence to the increases in personal and VAT taxes which will hit UK consumers' pockets next month.

Successive waves of selling in the stock index futures sector destroyed share prices. Selling pressure increased towards the close as investors weighed the likelihood that the credit tightening indicated on Tuesday by the Federal Reserve will not be the end of the matter. Some London analysts warned that Federal Funds Rate could move to 4 per cent, or even 5 per cent in the near future.

Accor	int Dealing	Dates
Tirst Dealings: Mar 14	Mar 28	Apr 11
Option Decisration May 24	MRI Apr 7	Apr 21
Last Dealings: Mar 25	Apr 8	Apr 22
Account Day: Apr 5	Apr 18	May 3
"Now time deal business days eer	ingu may take	

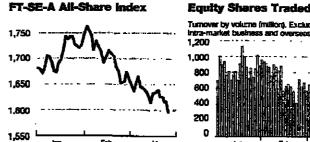
During the second half of the session, London effectively separated itself from the other European markets which were buoyed by hopes that their domestic interest rates can be reduced under the lead of the Bundesbank. The UK was seen as closer to the US in terms of economic cycle, with inflation pressure not far away. Nervousness increased as both the stock and futures markets fell through support levels and into what looked a total worth of £1.55hn. dangerously like free fall territory. At least one large London trading

house was a heavy seller of the Footsie index future yesterday, and pressures from the derivatives markets were enhanced by a buy programme in equities in early trading. Traders stressed that futures markets are now exerting even greater pressure on the underlying stock market than that seen when share prices were rising.

Although the interest largely focused around the Footsle-listed stocks, this afforded little protection to the FT-SE Mid 250 Index, which closed 27.9 off at 3,825.2. Across the full range of the market, trading volume of 714.2m shares was around 5 per cent up on the previous session, when retail, or customer, business in equities returned

The stock market closed in a very subdued mood, with traders expecting equities to remain nervous for the rest of this week, which will bring important money supply data from Germany as well as unemployment claims figures from the US. But the key to the stock market remains the government bond sector, which proved again that it is itself highly nervous, and also capable of outweighing any trends developed in the equity market.

Company features also turned less encouraging, with Wellcome falling sharply ahead of the trading statement due today and Glaxo under further pressure. However, Barratt Developments, the housebuilder, joined other companies to have raised dividend payments this



Key Indicators

3155.3

3825.2

-48.2

-27.9

-0.2

FT-SE-A All-Share 1597,20 -19.85Best performing sectors 1 Distributors

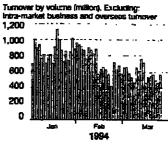
Indices and ratios

Investment Trusts

Oil. Integrated

FT-SE 100

FT-SE Mid 250



FT Ordinary index 2493.9 FT-SE-A Non Fins p/e 21.27 (21.55)10 yr Gilt yleid Long git/equity yld ratio:

Worst performing sectors 1 Dhormacauticals Life Assurance . Laisure & Hotels

Heavy trade in Glaxo

BUT THE

· resign

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Pharmaceuticals group Glaxo was the main casualty among leading stocks as brokers reacted to shock news of a challenge to the company's headline drug. By the close of dealing, the shares had fallen 40, or 6 per cent, to 622p. The shares were also the most heavily traded in London - on turnover of 22m.

Worries over the apparent

The strong sell off in gifts led

to a sharp turnaround of

3220.0

nearly 100 points in stock

index futures and pulled the

E FT-SE 100 INDEX PUTURES (LIFFE) 525 per full index point

-81.0 -81.0 -81.0

FT-SE WITO 250 INDEX PUTURES (LIFFE) \$10 per full index point

■ FT-SE MID 250 INDEX FUTURIES (OMLX) £10 per full index point

FT-SE 100 INDEX OPTION (LIFFE) (*3156) 210 per full index point.

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) \$10 per full index point

EURO STYLE FT-SE MED 250 INDEX OPTION (OMLX) 210 per full index point

FT - SE Actuaries Share India

Open Sett price Change

3150.0

3167.0

3802.0

EQUITY FUTURES AND OPTIONS TRADING

threat to Zantac, Glaxo's antiulcer treatment, were sparked on Tuesday by news that an arm of Ciba-Geigy, the Swiss group, hoped to launch a ver-sion of the drug in the US. Zantac accounts for 43 per cent of Glaxo's sales and the

threat to those sales by a global player prompted Goldman Sachs and Smith New Court to re-examine their views on the shares. Goldmans. already comparatively bearish, cut its short term recommendation and said that although it was holding its forecasts, "the risk to these forecasts are now substantially increased"

Smith, formerly a buyer,

Inflation data disappointed

Heavy selling of the June

23969

the market, writes Joel

Low

3149.0

High

-48.0 3869.0 3835.0

2975 3025 3076 3125 3175 3225 3275 3325 III the 3 175'₂ 12 134'₂ 19¹₂ 98'₂ 30'₂ 65'₂ 49'₂ 41'₂ 74'₂ 24 107'₁ 13 144'₂ 5'₂ 188'₂ OMLX. 283¹₂ 32'₂ 186 44'₂ 131'₂ 59'₂ 191 78'₂ 74'₂ 102 52'₂ 129 35'₂ 162 32'₂ 193'₂ II was 177 84 118 92 70 144'₂ 39 212'₂ options

3246.0

turned to be being merely a short-term holder of the stock. Other bullish analysts were also busy assessing positions. The European pharmaceuticals team from UBS argued that the Cibs move could add SFr500m (£231.4m) to company sales in 1996, which would hit Zantac sales by 10 per cent.

Wellcome cloud

Selling ahead of half-year figures today sent shares in Wellcome, the pharmaceuticals company down 22 to 601p after announcement of an EU inquiry.

The stock was already weak following a sharp sector sell-off

3,155, at parity with cash but

10 points below its fair value

10 points. Volume was heavy

premium to cash of around

reaching 23,989 contracts.

June had been strong

earlier in the day. Having opened at 3,232, buying

mainly from independent

traders (locals) saw the

contract advance to the

day's peak of 3,246, just

Inflation figures brought a

sharp retreat in glits and a

in heavy seiling, once again

led by independent traders,

decline of 97 points from its

The FT-SE June contract

in the mid-250 closed at

3.802, but once again the screen showed no turnover

in the same contract on the

It was expiry of the stock

options sector. Total volume was 45,430 of which 17,465 was in the FT-SE 100 option

and 4,166 in the Euro FT-SE option. HSBC was the

reaching a low of 3,149, a

The announcement of the

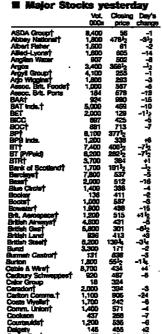
before 9.30am.

in the US on Tuesday prompted by news that Sandoz, the US group, was planning to slash the price of a cholesterol treatment in order to gain mar-

However, the full hit came when dealers reacted to news of an EU inquiry into its joint venture with Warner Lambert. Analysts said the inquiry

was routine and believed that the stock market had overreacted and had also ignored news that Wellcome had obtained an option to develop and market Glaxo's experimental compound 3TC for treating of AIDS. Elsewhere in the sector, SmithKline Beecham lost 11 at 390p and Zeneca 13 at

TRADING VOLUME



busiest stock option at 2,453

-1.4 3201.5 3196.0 3218.1 2860.6 -0.7 3853.1 3854.5 3865.6 3138.0 -0.8 3872.0 3875.4 3895.8 3159.1 -1.3 1625.0 1622.8 1832.7 1421.6 -0.6 1988.92 1994.96 2001.51 1850.01 -0.7 1968.98 1977.36 1983.69 1569.84 -1.2 1617.05 1818.26 1624.88 1405.00 20,13 23,12 1165,86 23,46 14,80 1393,15 21,94 14,40 1394,75 20,82 10,45 1212,74 32,80 8,11 1508,11 30,31 7,55 1491,16 21,39 10,13 1228,49 6.02 5.25 5.65 5.84 3.81 4.20 5.69 FT-SE 100
FT-SE Mid 250
FT-SE Mid 250 ex inv Trusts
FT-SE-A 350
FT-SE SmellCap
FT-SE SmellCap ex inv Trust
FT-SE-A ALL-SHARE 3,84 3,19 3,30 3,68 2,85 3,00 3,62 FT-SE Actuaries Ali-Share Dey's Year Mar 23 chge% Mar 22 Mar 21 Mar 18 ago P/E ratio Xd adj. Total ytd Return Div. Earn yfeld% yfeld% 4.88 25.40 27.63 1008.98 4.51 28.89 26.93 1071.23 5.07 24.58 31.89 993.88 3.93 32.89 0.00 1036.08 3.57 3.28 3.67 -0.8 2561.47 2538.84 2536.01 2146.90 -1.4 4003.25 3862.34 3988.58 3185.20 -0.3 2467.75 2442.00 2436.12 2023.70 10 MINERAL EXTRACTION(18) 12 Extractive Industries(4) 15 Cil. Integrated(3) 16 Cil Exploration & Prod(11) -1.0 1844.90 1849.83 1840.48 2056.20 31,64 11,18 1054,98 36,04 2,61 1051,94 48,28 1.62 1020,46 27,59 20,00 1078,32 30,29 24,90 1063,48 19,85 2,50 972,18 44,40 8,73 1098,00 41,11 20,61 1068,14 28,21 1,80 1115,98 19,78 1,56 1011,87 16,12 19,00 928,67 4.07 3.54 2.80 4.56 4.33 6.25 3.04 3.24 4.29 6.28 2118.75 1385.45 2226.58 2484,60 -0.9 2138,94 2144,55 2152,64 1720.10 20 GEN MANUFACTURERS(264) -0.9 2138.94 2144.55 2152.64 1720.10 -2.2 1416.93 1429.83 1431.44 936.30 -1.0 2248.58 2264.23 2276.21 1520.90 -0.3 2462.34 2461.81 2477.96 2121.90 -1.0 2144.93 2148.31 21652.1 1846.80 -0.6 2066.17 2044.71 2055.99 1896.50 -0.8 3965.15 1890.38 1895.83 14457.00 -0.7 2305.04 2341.21 2369.01 1476.80 -1.5 2948.57 3026.86 3045.61 2322.00 -1.5 1863.95 1873.61 1887.64 1875.30 Building & Construction(31) 23 Chemicals(20)
24 Diversified Industrials(16)
25 Sectronic & Sect Equip(34) 2122.76 26 Engineering(72) 27 Engineering, Vehicles(12) 28 Printing, Paper & Pokg(27) 29 Textiles & Apparel(22) 7,31 7,92 6,12 7,47 7,15 5,54 7,58 8,58 16.12 19.08 926.67 15.51 11.01 952.81 19.07 19.83 980.82 15.89 11.13 949.53 18.01 1.07 9803.82 21.52 2.98 1010.59 16.45 35.85 910.16 13.69 0.00 829.27 -2.4 2837.83 2843.80 2853.17 2837.50 -1.6 2209.04 2202.88 2223.23 2125.30 -1.7 3045.44 3028.39 3024.00 2863.90 -1.1 2346.97 2333.31 2338.30 2482.40 30 CONSUMER GOODS(94) 2770.76 31 Brewerles(17)
32 Spirits, Wines & Cidere(10)
33 Food Manufacturers(23)
34 Household Goods(12) 2993.27 2321.98 2586.18 1781.53 -1.9 2636.72 2638.24 2649.67 2346.80 -0.2 1784.43 1771.45 1771.80 1798.30 -4.1 3047.42 3096.69 3106.17 3038.80 -2.1 3934.48 3913.51 3955.45 4123.10 36 Health Care(20) 37 Pharmaceuticals(11) 38 Tobacco(1) 3850.59 5.48 22.28 6.06 980.78 4.88 24.75 5.57 1042.54 4.54 28.54 13.25 1085.99 4.22 28.24 14.30 1085.16 9.93 12.50 1.93 934.22 5.43 23.12 4.34 885.83 8.75 32.52 5.82 975.24 3.80 39.26 0.97 1010.12 2.90 2.79 3.20 2.04 3.85 2.81 2.41 3.31 3.95 -1.2 2064.40 2063.94 2073.33 1801.80 -0.1 3083.84 3083.55 3102.08 2564.40 -2.2 2290.77 2298.18 2307.39 1784.30 -0.9 3142.50 3157.39 3188.82 2218.00 2038.82 40 SERVICES(221) 41 Leturoutors(31)
42 Leture & Hotels(22)
43 Media(39)
44 Retailers, Food(17)
45 Retailers, General(44)
48 Support Services(40)
40 Temerosti 162 3114.54 1608.72 1712.36 -0.9 314250 319135 31952 21630 221630 -1.7 163602 1844.59 1848.17 2041.00 -1.1 1731.71 1718.47 1728.58 1514.10 -0.6 1894.32 1688.25 1695.59 1596.70 -1.5 2577.39 2582.11 2578.23 2098.90 -0.5 1205.62 1205.76 1213.51 1311.10 1200.03 -0.9 2400.91 2389.86 2402.25 2118.30 -0.6 2341.42 2310.61 2321.42 1713.60 -2.0 2047.35 2037.75 2027.54 1956.30 2378.99 2327,38 2005.77 83 UTILITIES(36) 62 Electricity(17) 64 Gas Distribution -0.8 2071.08 2078.79 2101.29 1952.00 -0.8 1885.79 1864.28 1863.16 1807.90 -1.3 1746.39 <u>1745.50 1751.66 1541.23</u> 3.63 5.75 21<u>.27</u> 8.87 1189.94 58 NON-FINANCIALS(633) 1723.77 19.28 29.00 881.89 18.08 55.86 853.86 14.25 13.32 886.58 26.32 2.91 936.79 15.09 11.44 860.42 22.50 12.37 1046.03 6.23 6.55 8.21 4.78 8.08 5.57 70 FINANCIALS(104) -0.7 2906.42 2898.92 2970.85 2252.00 2.0 1354.83 1354.59 1359.21 1332.10 -2.9 2619.00 2818.87 2595.71 2602.20 -0.7 2943.43 2977.45 3001.53 2428.00 71 Banks(10) 73 Insurance(18) -0.5 2019.45 2018.79 2021.30 1374.70 -0.9 1657.72 1674.18 1690.99 1221.80 39.91 2.80 916.61 79 Property(39) 2877.48 -0.2 2884.68 2873.48 2886.45 2231.90 2.13 1.71 58.45 14.80 955.80 80 INVESTMENT TRUSTS(121) 89 FT-SE-A ALL-SHARE(658) 12.00 13.00 14.00 15.00 Open 9.00 10.00 3205.0 3199.2 3182.4 3850.2 3855.3 3847.2 1627.1 1624.8 1817.0 3175.7 3837.4 1613.5 3155.2 3224.8 3153.5 3827.0 3886.5 3825.1 1804.5 1635.3 1803.8 3172.9 3838.6 3213.7 3217.9 3863.5 3862.7 3176.7

1344.1 1335.7 2903.8 2897.9 1877.4 1874.8 2957.8 2838.0 1333.9 1332.2 2902.4 2998.2 1874.8 1872.2 2941.2 2942.8 1317.1 2892.1 1886.3 1351.5 3016.1 1881.6 2842.0 1346.7 2935.9 1885.9 1349.9 2948.6 1691.1 2977.3 1355.8 1351.1 2984.5 2963.8 1894.9 1890.5 2885.1 1885.5 2919.8

19,00

where the months of the second second

3838.8 1614.0

1612.5

Lasmo steady

Further heavy two-way busiss developed in Lasmo, the oil exploration and production stock, after the group confirmed the market's long-held view that the final dividend was doomed. Lasmo also announced big losses, heavy write downs, more asset sales and hosted a poorly-received meeting with analysts.

The shares rose to 132p immediately following the results, which were broadly in line with analysts estimates. but later fell sharply, dipping to 124p, with Smith New Court, the securities house said to have forecast a drop in the shares to 100p. "On fundamentals the shares are 20 per cent too high," said a Smith ana-

By the close, however the stock had rallied to 126p, a net fall of 2. with US institutions, which already hold over 20 per cent of Lasmo shares, said to have moved in to buy the stock. US investors view Lasmo as a BP-type recovery play and focus on the company's cash flow.

Kingfisher doubts

Results from Kingfisher at the top end of analysts expectations failed to ease concern over trading in the UK businesses. The shares slipped with the market, ending the day 9 down at 567p with turnover reaching 6.5m. With business at Woolworth.

NEW HIGHS AND LOWS FOR 1993/94

LOWS FOR 1993/94

NEW HIGHS (40),
GRUTS (1) BLOG MATLS & MICHTS (1) Gration,
CHEMICALS (4) BASF, Bayer, Hoochst, Porust,
CHEMICALS (4) BASF, Bayer, Hoochst, Porust,
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DISTRIBUTIORS (6) ABSI Leiburn, ISA Int'L.
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RNYESTRAETH THUSTS (2) ETM Income, London
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A HOTELS (1) Creditoria, MEDIA (2) Hooder
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PROD (1) Chio Res., PRTING, PAPER & PACKE
(2) Portists, Regars A, PROPERTY (2) Bourne
Erst, in Shope, SUPPORT SERVIS (1)
Kalentazon, TEXTILES & APPAREL (1)
Claremont Germants, AMERICANS (2) Gillette,
Lower, SOUTH APRICANS (1) Tongour-Huley,
NEW LOWS (18),
GRUTS (1) Costel Int'l, Shield
Disgrossics, RESURANCE (1) Hiscon Select,
INVESTMENT TRUSTS (3) (Neiwort Euro Prif.,
LESSURS & HOTELS (1) Wernboy, Oil.

LESURE & HOTELS (1) Wembley, Oil. EXPLORATION & PROD (1) Copies. Res. PRTNO, PAPER & PACKO (1) Crest Pac

PROPERTY (1) Chelefield, SUPPORT SERVS (2) Borland Int'l. Inc., Clinical Computing. Superdrug and B&Q all prov-

but never seems to deliver." All agree, however, that the crucial test for the short-term

ing disappointing, Kingfisher's strategy of 'every day low prices' combined with cost cutting and product innovation as a means of improving margins, divided analysts. The more optimistic observers believe the group will emerge from the current flat period in strong market positions. Others are not convinced, with one analyst complaining that the company strategy kept promising

performance of the shares will come in the next three weeks

when the management embark on a big series of presentations to insitutions and analysts.

A meeting between NatWest executives and bank sector analysts to explain the rationale behind the acquisition of Citizens First, the US bank, appeared to reassure the stock market and NatWest shares edged up 2 to 466p in a generally duli sector.

TSB dropped 51/4 to 217p on heavy turnover of 8.3m shares, unsettled by an agency cross at 215p. HSBC fell back from an early 804p to end the session unchanged on balance at 783p. Standard Chartered closed 32 lower at 1074p following what was described as a badly-handled selling order from one agency broker.

Sharelink, the stockbroker. fell sharply, the shares slipping 29 to 325p after some stock was sold into the market at 313p. ICI was one of the few Footsie stocks to remain in positive

territory the shares benefiting from a Goldman Sachs recommendation and adding 5 at Reuters Holdings improved 7 to 2048p on buying ahead of

the share split in April. BAT Industries shed 10 to 459p after a US House sub-committee voted to raise the Federal cigarette tax by \$1.25 a pack to help finance a health

care reform bill. Among leisure stocks, Thorn EMI and Rank Organisation were among the worst hit. Dealers said that as well as being among the best performers in the sector in recent months, last week's consumer

spending figures had hit sentiment. The shares retreated 24 to 1083p and Rank fell 17 to

Poor results from whisky group Burn Stewart sent the shares down to 1290.

Media stocks continued weak with United Newspapers which is to announce full-year figures today, falling 24 to 636p, Pearson, which reports on Monday. sliding 13 to 615p and Reed International losing 12 to 826p. Carlton Communications downgraded by Nomura slid 24

RPC eased 2 to 160p after announcing that Barclays Venture Nominees and Railway Pension Venture Capital were behind the selling of a 6.7 per cent stake in the group on

British Aerospace among a handful of stocks that managed to resist the market trend, the shares closing 11/2 ahead at 515p, on talk that the group may benefit from increased tension between North and South Korea.

Korea is believed to have defence equipment on order from BAe and there were suggestions that the orders may be brought forward. A sharp increase in full year

profits from engineering company TT Group helped the shares jump 12 to 384p.

MARKET REPORTERS: Christopher Price,

Joel Kibazo, Peter John Steve Thompson

■ Other statistics, Page 19

LONDON EQUITIES

		LUNDUN
413	E EQUITY OPTIO	NS
	— Calls —— Puls ——	
Option	Aper Just Oct Aper Just Oct	Option May Aug Nov May Aug Nov
Alled-Lyons	600 2114 33 4314 13 3214 4014 650 4 1414 2214 48 6714 72	Hanson 260 211/251/4 30 31/4 71/4 11 (*278.) 250 51/4 14/4 19 11 16 20
(*605) Angel	650 4 14% 23% 48 67% 72 240 19 28 31 4 14% 19	(278) 290 874 147 19 11 16 20 Lesmo 120 1374 20 2574 7 12 16
(*254)	260 7 17 21 13 28 30	(*125.) 130 8¼ 15% 28% 11 17% 22
ASDA (*56)	50 8½ 11½ 12½ 1 3 4½ 60 2 6 6½ 6 7½ 10	Lucas inde 180 211/2 25 311/2 31/2 31/2 31/2 31/2 31/2 31/2 31/
Brit Aleways	420 22% 35% 42% 8 23% 29%	P & O 850 35 56 674 185 34 525
(*430)	480 5 17% 25 34 47 52%	(*867) 700 13% 33% 45 50 63% 83% Plateston 180 19% 25% 25% 4 9 11%
A درایج الحدو	360 36 47% 56% 3 13 21 360 15% 30 46% 13 26% 34%	(193) 200 7 14 18% 13 18% 21%
(*389) Boots	390 1514 30 48% 13 26% 34% 500 43 53% 61% 3 14% 18%	Prodecital 300 22 28 34¼ 6½ 11½ 18 (*318.) 330 4½ 14 20½ 25 29 34½
(*537)	550 81 231 35 22 38 44	(*318) 330 414 14 2014 25 29 34% RTZ 850 3514 82 75 3014 4514 57
BP	360 24 34 41 5 13% 17%	(*852) 900 16 3814 53 59 731+ 85
(*377) British Steel	390 7½ 18 26 18 27½ 33 140 8 12½ 16¼ 6 13 15½	Redised 550 21 34 47 29 384 501 (*555) 600 5 17 2714 69 724 83
(140)	160 114 514 814 23 2614 2614	Royal leace 240 26 35 40 41/2 101/4 161/4
Bass ("512)	500 2314 3816 52 8 2216 2916 550 4 18 30 42 5416 5816	(*258.) 260 13 234 294 13 19 28
-		Tesca 200 22% 27% 32 4% 8% 13 (*219) 220 8% 17 22 14 19 23
Cable & 1970 (*433)	425 28% 37 - 9% 26 - 450 9% 25 - 24% 38% -	Vodafone 500 561/2 72 851/2 7 201/2 28
Courtesáda	500 42 53 61% 3% 19% 26%	("545) 550 26 43% 59 26% 41 51% Williams 390 15% 23% 30 18 24% 30%
(°534) Comus Unica	550 11 25 35% 24% 46% 53 550 27% 45% 52% 6% 17% 36%	(*391) 420 5 1214 18 4014 4415 4915
(1667)	600 414 1914 2714 3714 4514 55	Option Apr Jel Oct Apr Jul Oct
in in	800 28% 56 68 16 34% 50	BAA 950 531/1 741/1 91 81/1 29 36 (1989) 1000 231/1 46 64 25 52 59
("811)	850 7% 31% 44% 47 61 77	Thermes War 500 29 38 45 51, 22 26
Kinglisher (*561)	550 26% 37 51% 11 31% 39 600 8 19 30 43% 81% 89	(°521) 550 4½ 13½ 29 33 53½ 58
•	650 25 41 H 48H 6 22H 26H	Option New Jun. Sep Mar Jun Sep
Land Secur (*670)	700 5 15 24 36 53 55%	Abbey Rati 460 19 36 48 1 13 21 (*478) 500 1 15 28 24 33% 41%
Marks & S (~416)	380 31 37% 44% 2 11 12% 420 8% 18% 27% 12 24 25%	Amstrad 35 3 51/2 71/4 1 3 41/2
HattWest	460 1814 38 431: 11 22 32	(*37) 48 1 3 5 4½ 8 7½ Berckeys 500 38 52½ 66 1 11 22½
(*466.)	500 8 2014 27 37% 45% 54h	(°535) 550 1 23% 38 18 32% 45%
Sathebury	380 17% 28% 37 7% 23% 27	Blue Circle 330 8 2014 31½ 5 20 28 (7337) 360 1 8½ 20 25 38½ 47
(*370) Shell Trans.	390 5 15 23 25 41½ 44 , 850 27 46 54½ 6 18½ 26%	British Gas 300 2 13 18 1/2 17 22
(1586) Storehouse	700 4 21 281/: 351/: 431/: 53 200 171/: 24 28 21: 9 11	7301) 330 1 4 8½ 31 39½ 41½ Disons 200 16½ 20½ 28 1 8½ 17
(213)	220 6 12% 17 11% 21 21%	(7208) 220 1 11 161/2 131/2 20 281/2
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(101)	106 41/2 81/2 - 91/2 131/2 -	(175) 180 1 7 12½ 7 18 21 Lonnho 140 15½ 23½ 29 1 7 13½
Uniform (*1052)	1050 17 43 61 30 45 56 1100 4 25 39 75% 78% 88%	(~154) 180 1 13 19% 7% 16% 23%
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(°740) Option	750 18% 42% 55% 24% 41 55 May Ang Nor Way Ang Nor	(*468) 500 1 12 21 34 48 52 Scal Power 390 151: 29 39 1 12 21
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(*515)	550 28 4814 5914 5214 68 8014 420 44 4814 5814 614 14 2214	Welcome 600 51/2 381/2 61 4 38 521/2
BAT Inch	460 151: 251: 351: 26 331: 431:	(*500) 850 1 1916 41 5415 79 8316 Option Apr Jul Oct Apr Jul Oct
BAT fods (*459)		
F459)		
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				Public 20,	301			
FT GOLD	MINE	S II	DE)	C				
	M.r 22	% chg on day	1537 21	Mar 18	Year ago_	Gross div yield %	52 100 High	ek Low
Gold Misses Lader (24) at Backeral Indices	2090.87	+1.7	2055,48	2050.10	1290.72	1.79	2387.40 1	248.7
Africa (15) Australisate (5) North Assertes (11)	1773.74	-1.1 +2.7	2933.04 2565.86 1727.84	2544.29	1249.43	1.45	3440.80 1 3013.89 1 2039.65 1	249 <i>A</i>
Consoleis The Greenful	Times Lie	Jan. 100	ul .					

rișes and fal	ls yester	DAY			
			Rises	Falls	Same
British Funds			3	61	10
Other Fixed Interest			2	3	10
Mineral Extraction			44	90	71
General Manufactures			78	322	260
Consumer Goods	M-1-1-11 100 11 1-1 11 11 11 11 11 11 11 11 11 11 11		17	91	84
\$arvices			49	232	237
			7	30	8
Financiels			52	186	153
knyestment Trusta			83	117	260
Others		Hambridad	43	82	17
Totala			378	1,194	1131
TRADITIONAL C		idon Shure Sen	vice.	<u></u>	
First Dealings	March 21	Last Declar	rations		June 30
Last Dealings	April 1	For settlem	ent		July 11

TRADITIONAL O	PTIONS		
First Deelings Last Deelings	March 21 April 1	Last Declarations For settlement	June July
Regent Corp, Trateiger	Hee, Wellcome, W	ind, Kunick, Lucas Wts, Jorid Fluida. Puts: Caird, E Migata, Nat Home Ln, Wel	uro Dianey. Pu

LON	DQ	N RE	CEI	NT I	SSUES: EQU	ITIES	•				
İBSUB	Amt	Mar.				Close					
price	paid	CBD	19	83/84		price		Net	Diν.	Gra-	P/E
P	uр	(द्यापी	High	LOW	Stock	P	+/-	đν.	COV.	γld	net
	F.P.	31.0	248	241	Aberust N Dawn C	248	+1		-	-	
135	F.P.				Applied Distibn	138		WN3.6	24	3.3	16.1
105	F.P.	33,4	118	101	Cedardata	109	+3	FW1,91	2.9	2.2	17.9
-	F.P.	126.0	85	62	Central Euro Gwth	63		_	-	_	_
_	F.P.	8.40	23	21	Do Warrants	21		_	-	-	_
-	F.P.	9.82	£8712	287	Chester Water	\$87	_12	1235.0	4.3	3.4	9.0
-	F.P.	36.9	125	125	County Smiler C	125	_	•	-	-	-
50	F.P.	133.0	50	45	Edin New Tiper	4712	+1	-	-	-	-
_	P.P.		50	49	F & C Private Eq	49		-	-	-	-
100	F.P.	142.5	99	93	Fidelity Jpn Values	95	-1	-	-	-	-
130	F.P.	32.7	155	130	Finelist	150		P3.3	2.3	2.8	19.5
-	F.P.		105	98	Fleming Japan C	10112		-	-	-	-
-	F.P.	2,591.0	£31½	£21 k	Franklin Res	231ء		Q28c	-	0.6	-
-	F.P.				Gartmore Brit Inc	102		-	-	-	-
-	F.P.		11312	112	Do Zero Pl	11312	+1	-	-	-	-
	F.P.				Do Units	213		-	-	-	-
	F.P.				Goldsborough Hith	156	-4	WN3.3			17.0
	F.P.				Graham Group	204	-4	LN4.6	2.3	2.8	19.5
	F.P.				Guangdong Dvipt	71 4		-	-	-	-
	F.P.		62	54 ¹ 2	Israel Fund	5412		-	-	-	-
-	F.P.		2812		Do Warranta	26 4	-12	-	-	-	-
-			495		Mercury Euro Pryta	468	+5	-	-	~	-
	F.P.				Midland Indp Nws	165 ¹ 2	-212	WN2.8	23	2.1	22.7
50	F.P.		53		Mithras Inv Tst	51				_ =	
-					Partico	221	-1	L5.35	22	3.0	19.1
-					Ptermigen Int'l C	199					
	F,P,				Radistone Tech	115	-1	P3.0	24	3.3	14.8
100	F.P.		98		Seracen Value	94		-	-	-	-
-					Schroder UK Gwth	496	+1		_ =	_ =	
	F.P.		140		Tring Inti	124	-1	RN3,8	2.1	3.8	14.
	F.P.	52.5			United Carriers	155	-1	-			
	F.P.				Waste Recycling	66		11.4		21.6	
205	F.P.	51.3	218	203	Wellington	217		W5.17	20	3.0	21.0

KIG	ITS O	FFER	5				
price	Amount paid	Latest Renun.	1993		Stock	Closing price	+01-
<u> </u>	uр	date	High	LOW	OLDCK	Р	
92	ND:	11/4	15pm	7pm	Burford	al5bш	
173	Na	5/4	27pm	14001	∛Cap. & Regional	14pm	
62	Nei	26/4	10 ¹ 20m	2pm	Haden MacLellen	2pm	-2 -3
280	Ná	4/5	430m	35om	Heniys	35pm	-3
150	NI	5/5	15pm	13om	Linion	13pm	
30	NB	5/5	17pm	7om	Upton & Sthr.	70m	-1
315	Nã	30/3	64pm	45pm	Wetherspoon JD	45pm	-3

	Mar 23	Mar 22	Mar 21	Mar 18	Mar 17	Yr ago	"High	Low
Ordinary Share	2493.9	2527.7	2528.2	2542.7	2566.3	2235,4	2713.6	2124.7
Ord. div. yield	3.70	5.66	3.67	3.65	3.62	4.40	4.52	3.43
Earn. yld. % full	5.04	4.98	4.99	4,97	4.92	6.16	6.38	3.83
P/E ratio net	21.57	21.82	21.78	21.87	22.08	20.14	33.43	19.40
P/E ratio nil	22.52	22.79	22.75	22.85	23.06	18.71	30.80	18.14
For 1953/94, Orders FT Ordinary Share in	try Store	ndex since date 1/7/	e compliat 15.	ion: high 2	713.6 2/0	1/94; low 4	8.4 26/6/4	0

Open 9.90 10.0	11.00	12.00	13.00 14.00	15.00	16.00 High	Low
2536.1 2536.7 2529.	2 2527.5	2514.8 2	507.6 2 50 1.4	2508.7	2495.0 2543.1	2493.4
	Mar_23	Mar 2	2 Mar 21	Mar 1	8 Mar 17	Yr ago
SEAD bargains	39,108	37,80	12 34,657	33,75	6 34,034	36,78
Equity turnover (Emit		1564	.9 1191.5	1430.	5 1423.8	1690,
Equity bargainst		44.58	53 40,590	38,24	3 38,360	43,95
Shares traded (mit)		- 588	LO 460.2	493	B 573.7	726.
† Excluding Intra-market I	SUECINESS JING	OWNERS	turnover.			

Time of FT-SE 100 High 6.50 am Low 9.51pm ■ FT-SE Actuaries 350 Industry baskets

LONDON SHARE SERVICE 3.65 14.0 1.12 438.3 38.7 2.584 |**?** |-| |-| - 七章のフィンジュートとなるともである 「ころる」はしておいてもとしたなしてがないがなな 48511144 Bank Scotland ATO
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Dollar fails to strengthen

The dollar yesterday failed to rally despite the tightening of monetary policy by the US Federal Reserve and a generous cut in the German repo rate, writes Philip Gawith.

The US currency finished in 1.74 London at DM1.685, down from its Tuesday close of DM1.6885 before the Fed nudged up the fed funds rate by 25 basis points to 3.50 per cent. The dollar is well below the DM1.76 level it traded at shortly after the Fed tightened in February. In Germany, the Bundesbank

provided further evidence of a decoupling of US and Euronean interest rates when it announced an eight basis points cut in the repo rate to 5.80 per cent. The dollar also finished

lower against sterling, closing at \$1.4935 compared to \$1.4862 on Tuesday. The pound was boosted by a poorer than expected February retail inflation figure which set back expectations of a cut in UK interest rates.

There was widespread con-cern in the market at the dollar's failure to rally despite the favourable interest rate movements. Mr Brian Hilliard, senior international economist. at SGST, said it seemed there was "virtually no circumstance that provides strength to the

Others were less pessimistic about the US currency. Mr Paul Chertkow, head of global currency research at UBS, said the market remained thin with "the long term players very much committed to the (long dollar) positions they held at the beginning of the year."

■ Sentiment against the dollar has soured following the currency's repeated failure to make headway despite an interest rate differential moving in the US's favour, and good growth prospects.

Dollar bears are certainly in the ascendancy at the moment. Swiss Bank Corporation, for example, confirms that it is "very comfortable" with its forecast of the dollar at DM1.60 by the middle of the year. The SBC view is that the dollar is Japan. The dollar closed in weak because of a large current account deli

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currency went through DM1.67 by next Monday, a large num-ber of investors would be forced to rethink their positions. "People who buy currencies because of growth are hav-

ing to reconsider," he said.

Mr Chertkow says the dollar needs a catalyst to break from the levels where it is currently "languishing". One candidate he suggests would be a package of market-opening measures from the Japanese gov-ernment. Another would be the release of a good non-farm payroll number on April 1.

The UBS analyst added that in the absence of evidence of long-term investors being frightened out of the dollar, he was happy to stand by the bank's forecast of DM1.80 by mid-year and DM1.90 in Decem-

in the futures market Eurodollar contracts firmed showing a slight downward revision of the pace at which Fed tightening is anticipated. The June three month future rose by eight basis points to 95.68. The December contract was nine basis points firmer at 94.84.

More encouraging for the dollar was that it managed to keep a firm tone against the yen, despite a return to the offensive from US negotiators about the trade dispute with

market with its generous repo

cut, at the top end of traders' expectations. The D-Mark held up well in Europe, finishing unchanged against the French franc at FFr3.418 and the Belgian franc at BFr20.64. The lira was slightly firmer against the D-Mark at L988.9 from L990.4. Euromark futures rallied after this news, but later lost ground when rumours were rife about another bad money supply figure. The February M3 number will be released

later this week, and there was speculation that growth could be as high as 30 per cent - well above the Bundesbank guide-The June contract settled one point lower at 94.50, with the December contract seven points down at 94.88.

Call money was slightly easier at 5.70/5.80 per cent after the repo, indicating the market view that interest rates will continue to fall. ■ In the UK, sterling had a better day as a poor inflation number scotched talk of a rate

cut. The headline retail price index rose 0.6 per cent in February for a year-on-year rise of 2.4 per cent, compared with market forecasts of 2.2 per It finished at DM2.5165

against the D-Mark from DM2.5094 on Tuesday. In the futures market, ster-ling contracts eased across the yield curve showing the market believes rates may be close to bottoming. The June con-

tract lost two basis points to 94.83 while the December future was seven points lower In the discount market, the Bank of England offered a £365m round of late assistance after forecasting a fairly small

shortage of £750m. Analysts said the delay in clearing the shortage was probably the result of banks holding back bills earlier in the day because of interest rate specu-

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Belgum	(BFr)			977 - 434	52,9588 51,6128		-1.0		-09	52 2406	-0.6	1149
Denmark	OK			992 - 055	9.9055 9.8478	9.9114	-1.1	9.9261	-1.0	9.9609		114.5
Finland	0FM0			892 - 069	8.3069 8.2340	•			-		-	81.0
France	(FF1)			959 - 033	8.6033 8.5711	8.6089	-1.3	8.6243	-1.2	8.6493	~0.6	108.3
Gerntaria	(DM)		+0.0071		2.5220 2.5091	2.5182	-0.8	2.5208	-0.7	2.5218		123.6
Greece	(Dri			372 - 944	368,944 366,719	-			-		-	_
iretand	ī EŠ	1.0392	+0.001	383 - 401	1.0411 1.0379	1.04	-1.0	1,0415	-0.8	1.0478	-0.8	102.8
italy	(1)			618 - 925	2489.25 2478.00	2495.02	-3.5	2507.82	-3.2	2558.57	-28	75.7
Luxentbourg	(LFr		+0.1413	977 - 434	62,9588 51,6128	51,9656	-1.0	\$2,0406	-0.9	52,2406	-0.6	114.9
Netherlands	Î/P		+0.0083	296 - 321	2.8362 2.8205	2.8316	-0.3		-0.2	2,8288	0.1	118.5
Norway	(NK)	10.9458	+0.0385	425 - 491	10.9491 10.8984	10.9402	0.6		-0.3	10,9439	0.0	84.9
Portugal	(Es)	259,413	+0.814	220 - 605	259,605 257,642	260.366	-4.5	262,333	-4.5	-		-
Spain	(Pta)	206.134	+0.377	062 - 205	208.205 205.533	206.714	-3.4			211.534	-2.6	
Sweden	(SK)			313 - 466	11,7465 11.6683	11.7589	-2.0			11,9034		
Switzerland	(SFr)	2.1312	+0.0062	300 - 323	2.1336 2.1247	2.1297	0.8	2,1261	1.0	2,1058	1.2	
UK	肉		-							-		80.6
Ecu	-	1.3065	+0.0041	057 - 073	1.3073 1.3012	1.308	-1.4	1.3104	-1.2	1,3148	-0.6	-
SDR	~	0.941889	-	-		-	-	•	-	-	-	-
Americas					4							
Argentine	(Peso)			929 - 936	1,4936 1,4885	•	-	-	-	-	-	_
Brazil	(0)			566 - 608	1248.08 1218.00	0024	-:	2 0215		2 2222		88.4
Canada	(CS)	2.0354 4.9695		345 - 362	2.0362 2.0227 4.9778 4.9509	2.0334	1.1	20315	0.8	2.0337	0.1	00.4
Mexico (Nev USA	(Peso) ب (\$)			612 - 778 932 - 937	1.4937 1.4865	1.4816	1,5	1.4889	1.2	1.4838	0.6	68.2
Pacific/Middle			+0.0013	275 - 271	1.4501 1.4543	1,4014		1.4903	12	1,4030	Q. 0	~~
Australia	(A\$)	2.1021	+0.0084	010 - 032	2.1032 2.0855	2,1006	0.9	2.0983	0.7	2.0963	6.3	_
Hong Kong	OHICSS			350 - 396	11,5396 11,4840	11.5243	1.4		0.6	11,4698	0.6	-
India	Pal	46.8496	+0.2293	380 - 611	48.8611 48.8350	-	٠.	-	•	-	-	_
Japan	m	158.948	+1.403	847 - D49	159.049 167.430	158.588	2.7	157.858	2.7	154,683	2.7	183.0
Malaysia	(MS)	4.0674	+0.0179	660 - 688	4,0688 4.0467	•	-		-	-	-	-
New Zwaland	(NZ\$)	2.6165		164 - 205	2,6205 2,6050	2.6214	-1.3	2.6257	-1.1	2.6343	-0.6	-
Philippines	(Paso)	41.1820		137 - 502	41,5695 40,6600	•	-		-	-	-	-
Sauci Arabia	(SR)	5.6005		992 - 017	5.6017 5.5745	-	-	•	-	-	-	-
Singapore	(55)			678 - 693	2,3893 2,3573	-	•	-	-	-	-	-
S Africa (Com.)				486 - 525	5,1525 5.1232 6,9382 6,8593		-	-	-	•	-	. <u>-</u>
S Africa (Fin.)	(FI) (Won)	•	+0.0745	210 - 382 636 - 691	1206.91 1201.09	-	-	•	_			: <u>-</u>
South Kores Talwan	(EI)		+0.1692		39.4486 39.2600	_ :	•	-			_	_
Theiland	(190			630 - 055	37.8055 37.8210							_
					show only the last to	me decimal	ninone	. Forward =	-	not directly	cucted	to the market

DOLLAR	SP	OT FOR	WARD	AGAINS	THE	DOLLA	R						
Aar 23		Closing mid-point	Change on day	Bld/offer spread	Day's righ	mid iow	One mo	nth %PA	Three mo	onths %PA	One yo	SER" .	J.P Morga index
шторе									_				
ustria.	(Sch)			680 - 730		11.8640	11.8915		11.916		11.9215		103.3
Selgeum	(BFr)	34,7655	-0.0745	560 - 750	34.9420	34.7000	34.8455	-2,8	34.9605	-2.2	35,2255	-1.3	104.4
)enmerk	(DK ₂)	6,6305		295 - 315	6.6397		8.6477	-3.1	6.6697	-2.4	6.7145		103.5
intand	(FM)	5.5563		513 - 613	5.5753	5.5326	5.562	-1.2	5.5085	-0.7	5.5743		78.0
rance	(FFr)	5.7582		567 - 5 9 7	5.7780	5.7567	5.7718	-2.8	5,792	-2.3	5.8257	-1.2	104.7
Sermany	(D)	1.6850		845 - 855	1.6923	1.6845	1.6882	-23	1.6929	-1,9	1.6984		105.0
Breece	(Dr)	246.850		700 - 000		246.700	250.75			-17.3		-16.1	71.0
reland	(12)	1.4371	+0.0055		1.4381		1.4339	2.7	1.4225	2.1	1,4156	1.5	
aly	(1)	1665.75		500 - 650		1665.00	1673 <i>2</i> 5	-5.4	1684,75	-4.6	1725.5		76.4
membourg		34.7655	-0.0745	560 - 750	34.9420	34,7000	34,8455	-28	34.9606	-22	36.2255	-1.3	104.4
letherlands	(FI)	1.8955		950 - 9 60	1.9050		1.8987	-2.1	1.9025	-1.5	1.9075	-0.6	103.8
lorwzy	(NKI)	7.3292	-0.0099	282 - 302	7,3518	7.3232	7.3392	-1.6	7.3529	-1.3	7.3682		95,0
ortugal	(Es)	173.700	-0.3	600 - 800	174.150	173,100	174.74	-7.2	176.2	-5.6	181.425	-4.4	92.9
pain	(Pta)	138.025	-0.42	000 - 050	138,500	138.000	138.625	-5 <i>2</i>	139.545	-4,4	142.655	-3.4	80.6
weden	(SKI)	7.8603	-0.0154	565 - 640	7.8890	7.8438	7.8873	-4.1	7.9251	-33	8.0303	-2.2	82.0
witzerland	(SFr)	1.4270	-0.0028	265 - 275	1,4333	1.4265	1.4276	-0.7	1.428	-0.3	1.4191	0.6	104.5
K	(12)	1.4935	+0.0073	932 - 937	1.4937	1,4865	1,4916	1.5	1.4889	1.2	1.4838	0.6	89.0
cu:	`-	1.1431	+0.002	426 - 436	1.1436	1,1402	1,1402	3.1	1.1361	24	1,1282	1.3	-
DR	_	1.40040	-		-			-	_	-			-
merkas													
	(Peso)	0.9999	+0 0009	998 - 999	0.9999	0.9998	-				-		_
razil	(Cr)	834.223		220 - 225		834.220		-	-	-	-	_	-
anada	(CS)	1.3629		625 - 632	1.3666	1.3598	1.3637	-0.7	1.3653	-0.7	1.374	-0.8	84.6
- : -	Pesol	3.3275		225 - 325	3.3325		3.3285	-0.4	13303	-0.3	3.3377	-0.3	
SA PION	(\$)	-	10.20.0										101.2
on Britis/Middle		Africa -	-	-	-	-			•				,,,,
estralia	(AS)	1.4076	_0.0012	071 - 081	1.4114	1.4015	1.4088	-1.1	1.4135	-1.7	1.4241	-1.2	87.3
ona Kana	(HECS)	7.7253		250 - 255	7.7264		7.7283	-0.5	7.7343	-0.5	7.7591	-0.4	
da	(Ps)	31,3700		675 - 725	31,3725		31,435	-2.5	31.57	-2.6	7.145.		_
apan	(Y)	106,430		380 - 480		105.890	108,325	12	106.015	1.6	104.18	2.1	144.9
•	(MS)	2.7235		230 - 240	2,7268	2,7208	2.7185	3.1	2.701	3.3	2.7635	-1.5	
laktyska Janu Zastovat		1.7533	-0.0012	522 - 544	1.7578		1.7545	-09	1.759	-1.3	1.7809	-1.6	-
ew Zealand	(NZS)		•	000 - 500			1.1343	-0.3	1.739	-1.3	1.1003	-1.0	_
	(Peso)	27,5750	-		27.7500							-0.4	-
audi Arabia	(SR)	3.7500		498 - 502	3.7502	3.7498	3.7507	-0.2	3.753	-03	3.7845		-
Ingapore	(55)	1.5860		857 - 862	1.5862	1.5850	1.5853	0.5	1.5648	0.3	1.5834	0.2	-
- Africa (Com.)		3.4488		480 - 495	3.4512	3.4450	3.4653	-5.7	3.4913	-4.9	3.5843	-3.9	-
Africa (Fin.)	(FI)	4.6400		350 - 450	4.6550	4.6150	4.674	-8.8	4.734	-8.1	-	-	-
outh Korea	(Won)	807.950		900 - 000	808.200		810.95	-4.5	814,45	-3.2	832.95	-3.1	-
21m27	(12)	26.4050		QQQ - 180		26.4000	26.4705	-30	26.571	-2.5	-	-	-
hailand	(Bt)	25,3000	_	900 - 100	25,3100	25.2900	25.38	-3.6	25,505	-3.2	26,025	-2.9	_

rent acco		icit ar too l	id inter- ow.	Y106	6.005.		nk ple	ased the	Potend Russia	0.444 329284 2578.5 5.479	· 32909.0 6 · 2585.93			Total	and rate for M			0 -0.015 0 - eads in the Do	900 - 100 26		26.4705 25.38 hree decimal pla		1 -2.5 5 -3.2 26.0 stee are not dire		
CROS	RATE	S AN	D DER	IVATIL	/ES								V "					:		11.414					
EXCHA	NGE C	ROSS	RATE	 5									_						EMS EU	ROPEAN	CURRE	NCY UN	IT RATE	S	
Mai	-23	BF	DKr	FFr	DM	<u>155</u>	A L	_ FI	NKr	Es	Pta	SKr	SPr	£	_ CS	\$	Y	Ecu	Mar 23	Ecu cen.	Rate against Sou	Change on day	% +/- from cen. rate	% spread v weekes	
Belgium	(BF:		19.07	18.56	4.845	2.001	4792	5.453	21.09	499.6	397.0	22.81	4.104	1.926	3.919	2.876									-
Denmark France	(DKı (EF)		10 11.51	8.685 10	2.541 2.926	1.049	2513 2893	2.859 3.292	11.06 12.73	262.0 301.5	208.1 239.7	11.86 13.65	2.152 2.478	1.010 1.163	2.055 2.386	1.508			ireland Natherlands	0.809628 2.19672	0.796375 2.16904	-0.001522 +0.00098	-1.52 -1.28	4.59 4.32	7
Germany	(DM		3.936	3.418	4	0.413	2033 988.9	1.125	4.352	103.1	81.92	4.666	0.847	0.397	0.809	0.593			Germany	1.94964	1.92903	+0.00074	-1.06	4.11	
treland	100 20		9.530	8.277	2,422	1	2395	2.725	10.54	249.7	198.4	11.30	2.051	0.962	1,959	1.437			Belatum	40.2123	39.8018	+0.0828	-1.02	4.07	
Italy	ā	2.087	0.398	0.346	0,101	0.042	100.	0.114	0.440	10.43	8.284	0.472	0.086	0.040	0.082	0.080			France	6.53883	6.58786	+0.00174	0.75	2.24	4
Netherland	Ē) a		3.498	3.038	0.889	0.367	878.8	1	3.868	91.63	72.80	4.147	0.753	0.353	0.719	0.527	56.13	0.462	Denmark	7.43679	7.57270	~0.0014	1.83	1.16	-13
Norway	(NK)		9.043	7.854	2,296	0.949	2272	2.585	10	236.9	188.2	10.72	1.946	0.913	1.858	1.363		1,194	Spein	154.250	157.871	-0.274	2.35	0.65	-16
Portugal	(Es		3.817	3.315	0.970	0.401	959.1	1.091	4.221	100.	79.45	4.526	0.822	0.386	0.785	0.576			Portugal	192,854	196.658	+0.069	3.01	0.00	-20
Spain	(Pla		4.804	4,173	1,221	0.504	1207	1.374	5.313	125.9	100.	5.696	1.034	0.485	0.987	0.724									
Smeden	(SK		8.434	7.325	2,143	0.885	2119	2,411	9.327	221.0	175.6	10	1.815	0.852	1.733	1.272			NON ERM A		000 405	.0.474	a 00	-3.44	
Switzerland UK	l (SFe (S		4.647 9.902	4.036 8.600	1.181 2.516	0.488	1188 2488	1.328 2.831	5.138 10.95	121.7 259.4	96.72 206.1	5.509	1	0.469	0.955 2.035	0.701	74.57 158.9	0.613 1.307	Greece	264,513 1793,19	282.195 1906.48	+0.476 -0.39	6.68 6.32	-3.11	-
Canada	iCt		9.902 4.866	4.226	1.236	0.511	1223	1,391	5.381	127.5	101.3	11,74 5,769	2.131 1.047	0.491	2035	0.734	78.08		Italy UK	0.785749	0.767109	-0.001696	-2.50	-3.1; 5.65	_
US	,~;		6.632	5.760	1.685	0.696	1666	1.896	7.334	173.7	138.0	7.863	1.427	0.670	1.363	0.734	106.4			es set by the Eur					onnih.
Japan	ő		62.32	54.12	15.83	6.539	15858		68.91	1632	1297	73.88	13.41	6.293	12.81	9.396			Percentage ch	anges are for Eq	E a postáve cho	nos desoles a s	weak currency. (Development sho	cows the
Ecu	•	39.72	7.576	6.580	1.925	0.795	1904	2.166	8.378	198.5	157.7	8.982	1.630	0.765	1.557	1.142		1	ratio between t	ed spreads: the and the maximu	percentage dell	erence between	the actual mark	et and Ecu cer	ntai re
Yun per 1,00), Danch Ku	mer, Fran	ch Franc, No	rwegi an Kr	one serio	Swodish	Kronor pe	r 10; Belgian	Franc, Esc	audo, Lira i	and Peseta	per 100.							For a currency,		ш Бениктят Бе	CORTICAL COMMEN	TO CHE COLLEGE	'À 2 LLANGE LER	
III D-MARI	C FLITURE	A MARA	DM 125 00) our DM						DAMES.	. ven ei		(BAM) Yes	- 106	· V 100				(17/9/92) Slarik	ng and taken Un	suspended to	ern ERM. Adjust	ment calculated	by the Financi	iel Time
													• • •						E PHILADI	EPHIA SE &	S OPTIONS	£31,250 (cent	is per pound)		
	Open	Latest	Chang			-	Est vol	Open int.			Ореп	Latest	Change	_			-	Open int.	Strike		CALLS			PUTS	
Jun Sep	0.5839 0.5878	0.5898					48,475	94,511	Jun			0.9432	-0.003				11,846	48,231	Price	Apr	May	Jun		May	Jun
Dec	A 5010	0.5874	-0.000	o u.a6/		5877 5874	28 3	2,645 116	Sep Dec	Q	.9498	0,9480 0,9556	-0.0019	0.949		480 556	140 10	1,683 394	1.400	8.62	8.55	8.61	•	•	0.24
			•	=	٠.٠	~	-		560		•	w.5000	•	•	u.s	~~	10	394	1.425	6.21	6.30	6.51		0.23	0.57
																			1.460	3.87	4.23	4.61		0.85	1.15
M aware i			MM6 CC									_		_											

1.4862 1.4830 1.4810

1.4820 1.4806

	0 6990			0 0009	0.6997	0.69		9,040	32,856
	0.6931			0.0012	0.7010	0.69		26	267
Dec	•	0.7	020	•	0.7020	0.70	10	4	41
	v. 11			1 5:	14.50				2 (2) (
MONEY	RAT	ES							
Murch 23		Over night	One month	Three mittes	Six miths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium		-	6!.	6%	61	6,	7.40	5.00	
werk ago Franco		-	614	6%	6	64	7.40	5.00	
Prance week and		6!: 62	61	6'4	6!:	53	6.10	-	7.75
Coman		5 7 5	61 585	6% 5.75	64	5%	6.10		7.75
SALIN 'NO		580	5.85	5.60	5 63 5 60	5.43 5.43	6.75	5.25	5.80
Ineland		61	2.63	3.60 6'h	5 00 61/a	3.43 6%	6.75	5.25	5.88
ereck ago		62	61	61	6%	8%	-	-	6,75
Italy		8	874	839	8%	82	-	8.00	6.75 8.92
week ago		81	85	82	B1s	1814	-	8.00	8.92
Natherlands		5 53	5 47	5.34	5.26	5.25		5.25	0.82
work and		553	5 47	5.28	5 18	5.14	_	5.25	
Switzerland		416	4%	415	42	4	0.025	4.00	_
week ago		4	416	44	ā	35	6 625	4.00	_
us		3.	34	วนั	4%	43	_	3.00	_
wing your		32	3 %	32	4	415	_	3.00	-
Japan		216	2"3	24	2%	24	-	1.75	-
week ago		21 e	2!5	214	214	21		1.75	-
SUBOR 1	T Lone	don							
interbank Fu	ung 💮	-	31	33	4 3	4%	-	-	-
mich 1930		-	34	3-	416	4.1	-	-	_
US Dollar Ci	D-9	-	3.50	3.69	3.97	4.38	_	_	_
week ago		-	3.50	3.66	3.93	4.32	_	_	
SDR Linked	Da	_	3.7	3%	3%	4	_	_	_
week ago		-	374	3%	374	4	_	_	_
ECU United Dr Isles are offered day. The banks Mailades are s	il rates f are. Ba hown fo	tor Stiller Induces Te Induces	i quoted t ust. Bank inestic M	o the exam of Tokyo, oney Plate	het by lour Berchys 1. US \$ CT	reference and National December and S	e benks e mai West	illam e	ach works
EURO C							_	_	
Mar 23		Short	7 dar	Y S (One	Three	S	iz	One

Mar 23	Short term		iays Irca	One month	Three months	Six months	Qne year
Belgan Franc	612 - 61			614 - 61 ₄	61 - 61	6 ¹ 8 - 6	6 ¹ 8 · 6
Danish Krone	61. 61			6% - B	63 - 6	64 6	6 5
D MAY	5남 - 5남			i4. 54,	5 կ - 5 %լ	512 - 512	5l2 - 53g
Dutch Guider	5,6 - 5,	5,	- 516 5	14 - 53 ₁	5½ - 5¼	56 - 56	52 - 54
French Flanc	6, 6,	8,0	- 616 6	i. 6.	6 ¹ 4 - 8 ¹ 9	64 - 6	512 - 512
Pertuguese Esc	: 10 ³ 4 - 10	7 10%		14 - 44	94 - 95	812 - 914	94 - 94
Sparish Pesela	18 - 18 1	. 84	- 8 <u>L</u> 8	8,4	84 - 84	84 - 71	84 75
Sterling	5lz . śl	5,3	- 5 4 5	i . 5 la	5.1 - 5ig	5 . 54	5/4 - 5/4
Siver Franc	44 - 4	14	- 4	44 4	416 - 312	3[2 - 3]2	3 1 - 3 2
Can Cotar	75 - والا	114	-4 4	4.1	411 - 412	412 - 412	54 - 54
US Dotter	319 . 31			iii - 3ii	37 - 34		45 - 42
Rahan Lva	8Î8			812 - 8	812 - 8	812 8	812 - 84
Yen	24 24		-3 2	21	23 - 23	24 - 23	212 - 214
Acum SSmg	3la - 2l			12 . 212	4 - 3	4 - 3	14 - 34
Short torn rains		∿ US 04	Alar Aday V	en, others	two days' no	lico	.,
	WITH PIBO						
,	Open Se	t pnco	Change	High	Low	Est. vol	Open int
	94.14 9	4.10	-	94.14	94.10	23,783	88,364
		4.41	+0.01	94.45	94.41	9,083	47,048
Par 1	1160 O	1.66		04.00	04.50	0.000	00.040

Belgan Franc		41 44					
OCHANI I I MIC				4 - 64	613 - 613	6 ¹ 8 - 6	64. €
Danish Krone					63 - 6	64 6	6 5
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E THRE	E MONTH E	UROBLARK	FUTURE	S (LIFFE)	* DM1m poi	inta of 100%	<u> </u>
	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	34.53	94.50	-0.01	94.55	94.49	32036	265248
Sep	94.80	94,74	-0.03	94.82	94.73	19430	168532
Dec	94.98	94 88	-0,07	95.00	94.88	19743	155109
WIL	95.02	94.92	-0.07	95.04	94.92	11478	132882
THRE	E MONTH E	UROLIRA I	NT.RATE	FUTUR	es (LIFFE) L	1000m poin	to of 100%
	Open	Sett pnce	Change	High	Low	Est. voi	Open Int.
Jun .	91 60	91.72	-0.01	91.82	91.72	5338	58559
Sep	92.00	91.92	-0.02	92.03	91.92	2846	27535
Dec	92.16	92.08	-0.01	92.18	92.08	2721	39328
Mar	92.15	92.08	-0.01	92.15	92.11	776	4586
THRE	E MONTH E	URO SWIS	S FRANC	FUTUR	28 (JJFFF) S	Frim poénts	of 100%
	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun	96.10	96.06	-0.02	96.11	96.08	2623	34129
Sep	96.19	96.13	-0.03	96.21	96.13	1135	6991
Dec Mar	96.05	96.05	-0.03	96.05	96.05	1	4805
	95.95	95.95	-0.05	95.95	95.95	51	135
# 1764E	E MONTH B	CU FUTUR	ES (LIFFE)	Ecu1m :	points of 10	0%	
	Open	Sett price	Change	High	Low	Est. vai	Open Int.
Jun	94.06	94.05	•	94 10	94.04	588	11090
Sep	94.25	34.26	-	94.33	94.25	1316	10899
Dec	94.41	94.37	-0.02	94.45	94.36	503	6663
Mar	94.43 Turnes tracted on	94.38	-0.02	94 45	94.43	91	714
THERE	E MONTH &						
Jun	Open	Ladest	Change	High	Low	Est. vol	Open int.
Sep	95.68 96.28	95.68	+0.01	95.70	95.67	175,337	500.737
Dec Dec		95.28	-	95.30	95.27	186,033	387,043
UGC	94.85	94 83	-	94.86	94.82	97.154	286,125
US TR	PASURY SH	LL FUTURE	53 (IMM) \$	im per 1	00%		
Jun	96.08	96.08				3,886	00.100
Sea	95.75	95.77	+0.02	96.09 95.78	96.07 95.75	3,986 642	38,186
Dec	-	95.42	+0.10	83'19	321.2	27	6,814 2,862
All Open Ir	nterest figs, are	for previous	day				
■ EURO	MARK OPTI	ONS (LIFFE) DM1m p	olints of 1	00%		
Strike		CALL				PUTS -	
Pnçe	Jun	Sep	, D	ec	Jun	Sep	Dec
9450	6.11	0.34	0.	50	0.11	0.10	0.12
9475	0.04	0.19			0.29	0.20	0.20
9500	9.02	0.10	0.	20	0.52	0.36	0.32
Ested to ■ EURO	SWISS PRA	Pias 2494, P NC OPTIO	rovious day NS (LIFFE)	s open int SFr Im i	., Calls 20133 combs of 103	0 Puts 14380 1%	9
Strika		CALI				PUTS	
Price	Jun	Sep	_	ec	Jun	Sep	Doc
9600	0.16	0.26			0.10	0.13	0.24
9625	0.05	0.13			0.10	0.13	0.37
9650	0.02	0.13			0.46	0.43	0.53
Est. vol. to	esi, Casta O Pub	I D Providen	day's nom	rot. Cale	489 Puts 304	4	3.00

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Ave. tender 1984. Agree period Feb 1 Mar 1, 1984	rate for pari , 1994 to Fat I MEONTH S	604 Mar 26, 11 5 28, 1994, Sc 57 EFRALING	994 to Apr 2 chames IV & FUTURES	5, 1994, Sche V 5,285pc, F (LUFFE) 056	mes # & # d mence House 00,000 poin	.50pc. Refere Base Rate S ter of 100%	nce rate for Pgpc from
period Feb 1 Mar 1, 1994 M THIREE	d rate for per 1, 1994 to Fet MONTH S Open	iot Mar 26, 11 5 28, 1994, Sc Sett price	PUTURES Change	5, 1994, Sche V 5.285pa. P (LIFFE) (256 High	mes # 8 # 6 mence House 00,000 pain Low	SOpc. Refere Base Rate S ts of 100% Est. vol	Open in
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FINANCIAL TIMES THURSDAY MARCH 24 1994 April Close March 23 NYSE COMPOSITE PRICES	NASDAQ NATIONAL MARKET 4 pm close Morch 23
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US stocks rally after a hesitant beginning Wall Street relief that the Federal Reserve's move to tighter money brought only a modest increase in interest rates, writes Frank McGurty in New By 1 pm, the Dow Jones Industrial Average was 18.71 higher at 3,881.26, while the

more broadly based Standard

& Poor's 500 was 1.53 better at

470.33. In the secondary mar-

kets, the American SE compos-

ite added 0.47 to 472.20, and the

Nasdaq composite 2.63 to

798.97. NYSE volume at 1 pm

With the Fed's decision to

nush up rates out of the way,

equity investors were free to

count their blessings, which

include buoyant economic

growth and strong corporate

The Fed's action, while clear-

ing the air, was not expected to

The day's economic news

had the potential to unsettle

the rosy mood. The Commerce

Department said the orders of

durable goods last month

slumped by 2.5 per cent, much

worse than the consensus fore-

cast of analysts, who saw a

T airobi's

exchange has sud-

denly sprung to life,

thanks to economic reforms

which have opened new hori-

zons for the private sector in

The NSE index of the 20

most traded shares has almost doubled since early January: itbegan 1994 at the 2,500 mark,

and soared to 5,115 in mid-Feb-

ruary before gliding down to

the 4,700 level this week on a

spate of profit-taking. Volume has increased five-

fold in as many months and

been traded every day this

month so far, boosting daily

As a result of the share price

explosion, Nairobi's stock

exchange has overtaken Egypt,

Nigeria, Tunisia and Zimbabwe

in terms of market capitalisa-

tion. It is currently valued at

\$1.8bn, against an estimated

\$1.4bn for Egypt, its closest

It is almost too much excite-

ment for the tiny bourse to

hear The NSR's cramped

offices in downtown Nairobi

are packed with investors who

come to track the progress of

their shares during the open-

cry morning trading sessions.

Sometimes, the maybem in the

visitors' gallery is greater than on the small trading floor,

where six brokers conduct all

the transactions. Deals are

recorded on a blackboard ~

computerisation, say NSE offi-

cials, is still some years away.

Several factors have contrib-

uted to the trading revival. Over the past year, the govern-

ment has taken major steps to

liberalise the economy: the

shilling was devalued and then

floated last year; most foreign

exchange controls have been

lifted; import licenses and

price controls have been

The reforms have radically

improved the business environ-

regional rival.

turnover to Ks15m (\$230,000).

stock

alter the favourable outlook.

4 pa

data, partly because most of the decrease was concentrated After a day of hesitation, US in the aircraft sector, limiting stocks rallied yesterday amid its negative implications for

The shift in attention away from interest rates was reflected in the performance of stocks most expected to benefit from an expanding economy, including heavy equipment, paper and automobiles.

the economy as a whole.

Caterpillar powered \$2% ahead to \$121%, International Paper climbed \$1% to \$70% and General Motors gained \$1% to \$60%. Ford fared even better, jumping \$2% to \$63%.

International Business Machines was a notable loser. thanks to reports raising concern over the company's mounting debt-to-equity ratio. The stock slumped \$1 to \$57%.

gained \$1%, or 22 per cent, to \$9 on heavy volume of nearly 1.8m shares. The mortgage banking concern disclosed that it would consider a merger with or acquisition by another company. Shares in Rubbermaid fell

sharply after its chairman warned that the consumerproducts company would fail to meet its first quarter earnings projections of 35 cents a share. The announcement was half-point decline. However, followed by a downgrading by

Kenya equities enlivened

But foreigners remain absent, says Leslie Crawford

ment for Kenyan companies.

particularly exporters. In addi-

tion, the banking sector

enjoyed a good 1993 owing to

high interest rates and excep-

tionally high yields on govern-

Mr Larry Sutcliffe of the Nai-

robi stockbrokers. F Drum-

mond, says that investors

switched from bonds into equi-

ties when inflation, and there-

fore interest rates, began to fall

late last year. He also believes

that speculators bid up share

prices in anticipation of the

imminent entry of foreign

to remit capital and dividends

abroad. But foreign portfolio

investors require prior author-

isation from the central bank

and must channel their invest-

ments through a local trust

foreign investors at bay,

although several regional and emerging market funds are

charting Nairobi's progress. Mr

William Chelashaw, who heads

Kenya's capital markets

authority, says: "We are confident the market will be opened

up in time, but there is no

immediate rush to attract for-

foreign funds are unlikely to invest on the NSE until the

market becomes considerably

more liquid. "At present, only

about 3 per cent of distributed

equity is traded," says Mr Sut-

cliffe. "Prices have also risen

because of the scarcity of

climbed to the mid-20s for the

most actively traded shares.

This, say some brokers, is too

high for a bourse which has

yet to catch the peripheral

attention of emerging market

Price/earnings ratios have

Most analysts believe that

eign capital".

These restrictions have kept

his has yet to happen.

At present direct for-

eign investors are free

by economic reforms

ment bonds.

investors chose to ignore the at least one securities house but the stock regained its stride near midday, trading at \$29%, down \$% on the session.

Philip Morris rebounded from a sell-off the previous session on news of congressional action to boost cigarette taxes. The stock added \$1 to \$58%, recovering some of Tuesday's \$1% decline

Mexico

Equities were boosted by a decline in domestic interest rates at the weekly auction and strong demand for Telmex. The IPC index gained 40.06

or 1.6 per cent to 2,551.98.
Interest rates eased across the board in the weekly Cetes auction, with the 28-day paper slipping to 9.34 per cent.

Canada

Toronto was firmer at midday as equities took a boost from strength in other financial markets. Strong gains in precious metals and communications overcame losses in conglomerates and real estate.

The TSE 300 composite index jumped 21.89 to 4,573.77 in volume of 42.9m shares. Among the actives, John

The NSE is also narrow as

well as illiquid. Of the 54

quoted companies, eight, including three banks, account

for almost 80 per cent of mar-

But they have strong points,

according to Middle Africa

Investments, a local company of financial advisers. It says:

"Quality management, multi-

national support, low levels of

debt and the growing impor-

BAT Kenya, the largest com-pany on the NSE, has seen its

share price rise sevenfold dur-

in Brooke Bond Kenya, a Uni-

lever subsidiary, have risen

fourfold. Both companies are

major exporters and have benefited from the economic

The favourite financial

stocks, such as Barclays Bank,

Standard Chartered Bank and Diamond Trust of Kenya, have

also seen equity quadruple in

In spite of the NSE's recent

decline, there is a sense of anticipation in the air. The

NSE will soon move to more

spacious premises, which will

be enlivened by the addition of

newly licensed brokers. The

capital markets authority says

little competition into the bro-

kerage business, in spite of

much grumbling and resis-

tance from the six brokers who

till to come are new rules

to regulate the market, clarifying relations between client and broker and

between brokers. The CMA

also wants to tighten market

surveillance and introduce

more transparency into share

transactions. The entry of for-

own the NSE at present.

ket capitalisation.

tance of exports".

M3 scare hits bourses after good start

Bourses had a good morning, but lost some of their gains later in the day, writes Our Markets Staff. The turnround in sentiment coincided with speculation on the forthcoming German M3 figures for February; scaremongers were talking of a figure of up to 30 per cent although, said Mr Anthony Thomas of Kleinwort Benson, the Bundesbank yesterday seemed to be steering opinion into the 15 to 20 per cent area.

FRANKFURT extended the aggrandisement of German cyclicals as the Dax index rose 19.79 to 2,161.13. Turnover rose from DM7.6bn to DM9.1bn.

The winners came mainly in carmakers, chemicals, steels and engineers. Daimler rose DM13.50 to DM859.50, and to DM865 after hours. Bayer put on DM7 to DM388.50. Mr Hans Peter Wodnick, of

Robert Fleming in Frankfurt, said that indications from comnanies and industry associations were that the German economy was either at the bottom, or just past the bottom of the economic cycle. Car orders in February, for example, have

just shown a marginal pickup. The immediate recovery prospect is reflected in a Dax 1994 p/e of 3114, falling to 22.8 on Fleming's 1995 forecast of a

FT-SE Actuaries Share Indices THE EUROPEAN SERIES Mar 23 Open 10.20 11.00 12.95 13.05 14.06 15.00 Close Hourly changes FT-SE Europeack 100 1449.48 1449.60 1447.33 1449.49 1446.44 1447.66 1446.73 1445.73 FT-SE Europeack 200 1487.07 1485.20 1485.53 1482.02 1480.33 1481.55 1480.74 1478.00 Mar 21 Mar 18 Mar 17 Mar 18 牌 22

further 38 per cent rise in earn-

ZURICH was led higher by financials on the Fed's overnight moves and the view that the sector's recent weakness had been overdone. The SMI index rose 32.3 to 2,857.0.

Drugs stocks were also at the centre of attention. Sandoz certificates rose SFr60 to SFr3,920: US drugs stocks tumbled on Wall Street overnight amid fears of a price war after news that the Swiss group's US subsidiary was to sell its new cholesterol drug at about half the price of rivals.

Mrs Birgit Kulhoff at UBS commented that Sandoz was currently overshadowed by Roche and was unjustifiably neglected by investors. She expected annual earnings growth of 14 per cent over the next two years, compared with the forecast sector average of

saki Steel fell Y4 to Y365. Cor-

porate selling also hit high-technology stocks, with

Hitachi down Y19 to Y950 and

Speculative issues were

higher in active trading. Sumi-

tomo Coal Mining rose Y45 to

Y856 and Izutsuya gained Y25

in Osaka, the OSE average

fell 179.09 to 22,170.78 in vol-

The resolution of interest rate

speculation in the US

unleashed buyers around the

Pacific Rim. Karachi was

closed for Pakistan national

ume of 157.2m shares.

Toshiba down Y17 to Y773.

to Y734.

Roundup

8-9 per cent.

The recently weak Ciba registered rose another SFr16 to SFr871 in continued response to its US subsidiary's plans to market a rival to Glaxo's Zantac anti-ulcer drug.

Among financials, UBS, the day's most active stock, rose SFr33 to SFr1,220, CS Holding bearers SFr17 to SFr653 and SBC bearers SFr11 to SFr423. PARIS saw the CAC-40 index at 2,225 level in early trading, efore selling set in ahead of

today's end of the March

account. By the close it was

barely changed, off 0.51 at 2,200.17, and turnover was slack at just FFr3.6hn. One of the few performers was Société Générale, up FF17 at FFr650 ahead of results due after the close on Friday.

UAP lost 90 centimes to FFr189 following its results earlier this week. James Capel

in indicated turnover up from

Jardine group companies fell

after Jardine Matheson, the

parent, said that it would can-

eased margin loan regulations,

triggering active bargain hunt-

HK\$6.73bn to HK\$7.82bn.

of switching orders.

recommendation on the stock. The brokers noted that restructuring at Banque Worms and a strong contribution from foreign insurance operations led them to maintain a positive stance on the insurer. "However, after announcing that the group intends to launch a capital increase in conjunction with

yesterday maintained its buy

the group's imminent privatisation, the shares are likely to consolidate at current levels in the short-term". AMSTERDAM was supported by strong performances from the blue chips, and the AEX

index out on 1.05 at 415.38. KNP BT, the paper manufacturer, which said that it expected a good result in 1994 after a 1993 net loss, rose initially to a session high of F150.40 before falling off to close 30 cents ahead at Fl 49.90. The group added that the performance would be dependent on Euro-

Other strong performances were seen by the chemical groups, DSM and Akzo Nobel, which improved respectively by F1 3.80 and F1 1.80 to Fl 126.10 and Fl 224.80.

pean economic recovery.

MILAN slipped back from a firm opening as profits were taken in some of the recently

strong industrial stocks. The Comit index rose 6.62 to 671.30 Olivetti, still awaiting news on the granting of Italy's sec. ond cellular telephone licence fell L58 to L2.535; some analysts said that success was aiready discounted in the share price. Fiat, leading the rival: consortium, slipped L21 to LA,978.

Telecoms were mixed, Stat adding LA1 to L5,003 but Stp giving up 1.49 to 1.4,384. Salomon Brothers commented that the restructuring of the indus-try could take Stet shares as high as L6,900; the benefit from unification would be significant and Telecom Italia would emerge as a new European leader. The restructuring should also take Sip close to the L6,500 mark.

ISTANBUL declined by a firther 8 per cent in reaction to the downgrading of the comtry's debt by Standard and Poor's, the credit rating agency. The composite index fell 1.171 to 13.667.

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The country was also placed on credit watch, which suggested that its rating may be lowered further.

Written and edited by WR

ASIA PACIFIC

Pacific Rim recovers again as Tokyo falls Labatt was up C\$% at C\$22% after an analyst's report said

the March 31 book closing left the Nikkei index 1.4 per cent lower, for its fourth consecutive daily decline, writes Emiko

Tuesday's plunge in the bond market triggered selling of equities by investors hoping to cover losses on their bond portfolios. Traders expect the liquidation by companies to continue throughout the week and predict volatility up to the start of the new business year.

from 370m. Foreign demand. domestic institutions, arbitraviduals were also sellers.

Pharmaceutical shares were weaker on reports that the health ministry had instructed makers of interferon alpha, an anti-cancer drug, to issue stronger warnings that it induces depression and suicidal tendencies. Takeda Chemical Industries fell Y40 to Y1,250 and Fujisawa Pharmaceutical lost Y40 to

Hanwa, the steel trader

stic and overseas investors and negative political developments dragged indus-trial shares lower, and the index ended down 116 at 5,951. The overall shed 49 to 5,182 and gold 5 to 2.118.

Heavy profit-taking ahead of

19,962.10, breaching 20,000 for the first time in nine days. The index rose to a high of 20,322.03 in the morning session, but steadily lost ground on profittaking, hitting a low of 19,937.99 just before the close.

section stocks fell 13.59 to 1,614.42 while the Nikkei 300 closed down 2.75 to 296.52. Declines led advances by 758 to 274 with 154 issues remaining unchanged. In London, the ISE/Nikkel index rose 2.225 to

which faces mounting debts as result of speculation on the late 1980s, fell Y54 to Y569 after the issue met heavy selling

SOUTH AFRICA

eign investment funds could • The IFC index of emerging markets has been held over this week.

Large capital steels were

afternoon.

Volume rose to 400m shares which has supported Japanese genrs, corporations, and indi-The Topix index of all first

HONG KONG climbed by 5 ing by domestic investment index shot up 60 to 2,205.0 on per cent although Jardine down on profit-taking. Nippon Steel fell Y8 to Y342 and Kawa-The SET index closed 49.32 Matheson fell HK\$4.75 to

Terazono in Tolayo. The Nikkei lost 291.43 to

A lack of buying interest from

per cent higher at 1,286.44 in HK\$49.25 before it was moderate turnover of Bt7.4bn, suspended from trading in the the buying focusing on finance

Brokers said that the Fed's and communications issues KUALA LUMPUR credited rise in short-term interest rates retail buying and foreign funds removed a key uncertainty. as the KLSE composite index Linking that to the view that the market was oversold, insticlosed just short of the 1,000 tutions pushed the Hang Seng level, up 32.47 or 3.4 per cent at index up by 453.36 to 9,465.53, 999.95

SINGAPORE noted late profit taking from both Hong Kong and London, but the Straits Times Industrial index still ended 66.24, or 3.2 per cent higher at 2.111.28.

cel its local listing at the end of AUSTRALIA bought on the this year. Swire Pacific A leant HK\$5.50 to HK\$58.50 on a rush Fed news and on a sharp jump in local futures, the All Ordinaries index ending 40.1, or 1.9 per cent better at 2,180.9. BANGKOK put on another 4 per cent after the Thai bourse

On the Sydney futures market, the March share price

short-covering. in the cash market, blue chip and resource stocks reflected overseas buying in the morning, mainly from Asia, and domestic institutional investment in the afternoon.

TAIWAN rose for the third

straight day, helped by a rally

in financials and Hong Kong's recovery. The weighted index closed 69.43 up at 5,331.27 and turnover rose by T\$10bn to BOMBAY's speculators sold

to get out of overbought positions, the BSE index closing 64.96 lower at 3.726.82

The effect of the ban on the carry forward, or "badla" system of trading, was reinforced on Tuesday when the stock exchange declared a broker in

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